

Employment Observatory

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Employment & labour market

Employment & social affairs



European Commission

Developments at a Glance

- Belgium:** In addition to a policy of wage moderation, which stipulates a maximum rate of wage growth of approx. 3% p.a. for 1997 and 1998, the Belgian federal government has extended a number of labour market policy measures including: partial early retirement, various instruments of subsidised work redistribution, further training, etc. For the first time a general right to a "career break" has been instituted. The legal framework for "intermediary organisations" ("insertion enterprises" and companies with a social objective) in their attempts to further the integration of the particularly difficult to place unemployed has been concretised by two decrees. The Brussels Capital Region has introduced a "Transition Grant" (wage and further training grant) to promote the integration of the difficult to place in small and medium-sized enterprises, has made provisions for a further training tutorial and introduced more general wage subsidies. The German-speaking community in Belgium plans to implement occupational adjustment work experience programmes for the disabled.
- Germany:** Employment in the area of domestic services is to be promoted by means of tax concessions and administrative simplification through the introduction of a "household cheque". The employment opportunities for seasonal workers from non-EU countries have been restricted. Workers employed in Germany by foreign employers are from now on also covered by the minimum wage requirement in the construction industry.
- Spain:** Against the background of annual economic growth of 2%, around 3.2% more jobs were created in Spain year-on in the third quarter of 1996, with a high level of employment growth achieved over the year as a whole. The minimum wage was increased by 2.6% at the start of 1997, whereby the adjustment of the minimum wage for employees under 18 to that for older workers begun in 1996 was continued with a significantly greater increase in the minimum wage for younger workers. Under the second agreement on vocational training a state fund is to be set up for the resources generated by the vocational training levy, whereby the social partners are to continue to play the decisive role in policy formulation and implementation. A programme has been initiated in support of agricultural employees.
- Finland:** The reform of the unemployment insurance system is based on the principle of "activating" passive wage compensation benefits. This involves an increase in the number of days before benefit is available and in the qualifying period, while at the same time active labour market policy measures have been intensified.
- France:** The delegation of services to partners constitutes an important instrument in the reform of the French labour market authority, ANPE.
- Greece:** Unemployment benefit has been increased by 10%. Employed school-children and students have been granted an additional 30 days' annual holiday in order to take examinations. A study into the situation of illegal foreign workers has identified the motives for their migration to Greece and their working conditions.
- Italy:** Work experience, the subject of a number of recent decrees, is to continue, but on the basis of earlier laws. Alongside the already existing "Territorial Pacts" an additional regionally specific innovation has been initiated: "Regional agreements" are to draw together the resources of regional organisations and providers in order to promote regional development. According to the 1996 ISFOL Report, the Italian labour market remains characterised by low employment rates and high unemployment, with long-term unemployment increasingly entrenched; major reforms in the education system have been identified.
- Netherlands:** A commission is to draw up proposals for a better reconciliation between family responsibilities and working life. The Dutch labour market authority aims to promote the integration of the unemployed, in particular the difficult to place, primarily by concentrating its work further towards branch level.
- Austria:** A special programme for the long-term unemployed has been scrapped following a six-month pilot phase due to lack of applicants. At the same time a new measure, "Special Integration Grant", has been introduced, which aims to overcome the factors that led to the failure of the special programme for the long-term unemployed. Additional training opportunities are to be created in training workshops by means of state grants in view of the inadequate supply of training opportunities compared with demand.
- Portugal:** A strategic "concerted action" agreed between the government and the social partners aims to bring about employment-intensive growth. Within the framework of the new apprenticeship training regime, greater emphasis is to be placed on alternation between theoretical and practical training and the training periods spent in the enterprise are to be intensified.
- United Kingdom:** Around 100,000 long-term unemployed are to be helped into work by means of a combination of structured job-search and work experience. The budget for the Training and Enterprise Councils is to be increased by GBP 50 million for the next three years, much of it is to be spent at the TECs' discretion. The quality of general education and vocational training for young people is to be improved through a number of measures: the entitlement to education/training for all 14 to 21-year olds is to be guaranteed by means of "learning credits", key skills are to be mediated and the partnerships between firms, educational and training providers and financial sponsors are to be intensified at local and national level.

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Contents

"Policies" and the Five Action Areas of Essen	4
Overall Developments	
Belgium	
Law on Employment Promotion and the Preventive Safeguarding of Competitiveness	5
Belgium	
Financial Measures to Promote Employment	6
Spain	
The Labour Market in the Third Quarter of 1996	7
Italy	
Regional Agreements	7
Italy	
The Italian Labour Market: the ISFOL Report for 1996	8
Portugal	
Agreement on a Strategic "Concerted Action" to the Year 1999	10
Placement and Vocational Guidance	
France	
The Delegation of ANPE Services to Partner Organisations	11
Job Creation	
Germany	
More Jobs in Private Households by Means of the Household Cheque and Tax Concessions	15
Spain	
Employment and Social Protection Agreement in the Agricultural Sector	15
Training	
Spain	
Agreement on Vocational Training	16
Italy	
Work Experience	16
Austria	
Additional Training Places in Training Workshops	18
Portugal	
New Legislation on Apprenticeships	19
United Kingdom	
14-19 White Paper	19
United Kingdom	
Increased Funding for TECs	19
Social Protection, Unemployment Benefits	
Finland	
Comprehensive Reform of the Unemployment Insurance System	20
Greece	
Increase in Unemployment Benefit	20
Special Categories of Workers	
Belgium	
Recruitment of Especially Difficult-to-Place Jobseekers	21
Belgium	
Vocational Rehabilitation of the Disabled Through Work Experience	21
Germany	
Restrictions on the Employment of Seasonal Workers from Non-EU Countries	22
Greece	
Study of the Situation of Illegally Employed Foreign Workers	22
Netherlands	
Measures for Minorities and Branches	23
Austria	
Special Programme for the Long-Term Unemployed Terminated	23
Austria	
Special Integration Grant	24
United Kingdom	
Project Work	24
Miscellaneous	
Germany	
Minimum Wage in the Construction Industry also Applies to Foreign Sub-Contracted Workers	24
Spain	
The National Minimum Wage for 1997	24
Greece	
Additional Holiday for Employed School-Children and Students	25
Netherlands	
"Daily Schedules, Time for Work and Family" Commission Appointed	25
FOCUS	
Market Share and Market Segment of Employment Services in the EU: Evidence from Labour Force Surveys	25

"Policies" and the Five Action Areas of Essen

The five action areas adopted at Essen

1. More investment in vocational education and training
2. Increasing the employment intensity of economic growth by reorganising working time, moderate wage growth and the opening up of new areas of employment
3. Reducing indirect labour costs
4. Increasing the effectiveness of labour market policy (activation)
5. Intensifying target-group specific measures

Activities belonging to the first action area, vocational training, are once again the most frequently measures reported on in this issue of "Policies". Clearly, the vocational training of the unemployed, young people and also those in employment is one of the top priorities of labour market policy in the Member States. Vocational training schemes are included both in the Federal Government of Belgium's general measures to promote employment and in those of the Brussels Capital Region. Under the latter, for example, a tutorial intended to facilitate the labour market integration of the difficult-to-place has been introduced. Belgium's German-speaking community promotes the integration of disabled persons through practical work experience. The regulations governing such forms of vocational training, which generally consists of alternating work experience and theoretical training, have also been modified in Italy, where a former regulation has come into force once more following the expiry of an ordinance. Efforts are also being made in Italy – as elsewhere in Europe – to introduce more overall flexibility in vocational training, for example, through broader occupational profiles and modular training. Training credits and the promotion of partnerships are expected to contribute to the vocational training of young people in the United

Kingdom, as proposed in a Government White Paper. New legislation on apprenticeship training is to be introduced in Portugal, focussing here, too, on the alternation between school and enterprise knowledge and at the same time increasing the share of the latter component. Because the demand for apprenticeships in Austria is greater than the supply, the apprenticeship market will be supported through public sponsorship of additional places in inter-plant training facilities. The funding of further training will be modified in Spain, granting the state rights of financial control; however, further training will continue to be organised mainly by the social partners.

A significant example from the second action area are the regulations concerning work-sharing through reorganisation of working time (career breaks, part-time early retirement, etc.) which have been a priority in Belgian labour market policy for some time. The Belgian economy has also been prescribed a policy of wage moderation. A "household cheque" along French lines has now also been introduced in Germany to promote job creation in the labour-intensive services sector. Portugal hopes to achieve employment-intensive growth through concerted action, while figures from Spain show that the economy has swung onto a path of employment-intensive growth during recent months.

Policies belonging to the third action area – selective reduction of social security contributions in order to reduce wage costs – are reported from Belgium: manpower rotation (recruitment of replacements for persons taking career breaks or in part-time retirement) is to be promoted through reduced social security contributions.

As regards the fourth and fifth action areas, there is a more comprehensive programme for activating job-seekers in the United Kingdom. Structured jobsearch combined with work experience is aimed at integrating the long-term unemployed into the labour market. Institutional initiatives

are reported this time from several countries: the French employment service (ANPE) has introduced detailed regulations concerning the delegation of services to partner institutions, while in Belgium the tasks and the clientele of "intermediary organisations" for the integration of the long-term unemployed have been regulated more precisely. In Italy efforts are being made by means of another regional initiative to establish a network of regional actors for the creation of employment opportunities. Traditional active labour market policy measures such as wage subsidies for the unemployed are included in the Brussels Capital Region's catalogue of measures. In Finland stricter conditions for the receipt of unemployment benefits (e.g. an extension of qualifying periods) and additional active labour market policy measures are intended to "activate the unemployed". The Dutch employment service plans to focus its activities more narrowly on the integration of the difficult-to-place unemployed. This aim will be supported by sector-specific policies. An example from Austria shows that labour market policy measures do not always achieve their intended aim: a special scheme for the long-term unemployed was dropped after the six-month pilot stage. The factors that contributed to the low take-up of the scheme are to be avoided in the implementation of the recently introduced "Special Integration Grant".

More general measures that do not belong directly to the Essen action areas include restrictions on employment opportunities for seasonal workers from non-EU Member States in Germany, an agricultural employment scheme in Spain, which provides, for example, for better security for casual labourers in this sector, and an investigation of the reasons for the immigration of illegal workers and of their work situation in Greece has been initiated. This study forms the basis for continuing regulations by the Greek government in the area of illegal immigration.

Overall Developments

Belgium

Law on Employment Promotion and the Preventive Safeguarding of Competitiveness

In the absence of an agreement between the social partners both concerning wage norms and employment promotion measures, the Belgian federal government has decided, on the basis of the law of 26 July 1996 on "Employment promotion and the preventive safeguarding of competitiveness" (cf. iMi 55) to take the necessary measures itself. These measures can be grouped in three categories:

- setting a maximum rate for the increase in wage costs;
- employment promotion measures; and
- extension of the measures set out in the national collective agreement for 1995/96 (cf. iMi 49).

The wage margin

For 1997-98 an increase in wage costs - across all sectors - amounting to 6.1% has been set. It must be noted, however, that the automatic indexation of wages and the guaranteed wage increase negotiated in prevailing collective agreements remain in force and will be applied.

The impact of the automatic indexation of wages in Belgium has been estimated at an annual average of 1.8% in 1997 and in 1998 (i.e. a total of 3.6%). The guaranteed wage increases (i.e. the wage growth due to length of tenure and age, promotion, etc.) amount to 0.5% p.a. (1% in total). Thus the wage margin available for the wage bargaining for the period 1997/98 is fixed at an average, cross-sectoral rate of 0.75% p.a. Within this range the social partners and firms can negotiate further improvements in pay for their staff, either collectively or individually. The government has called upon the social partners to

deploy part of this margin for employment creation, i.e. not to use all of it for wage increases.

Employment promotion measures

Part-time retirement

Under a draft Royal Decree, in future all employees on reaching the age of 58 would be able, on application and subject to agreement with their employer, to reduce their working hours within the framework of a part-time retirement scheme (cf. BIR B-vii.1). What is new is that the minimum age of 58 is to apply to all employees.

It is to be noted that that under this measure not only will the know-how held by the older worker be retained within the enterprise, but also that a job can be created for an unemployed person. This is because the employer is required to replace the employee in part-time retirement for the hours in which he/she is absent with an unemployed person on full benefit (or a person of equal status).

Employment promotion agreements

An additional draft Royal Decree aims to permit sectors and firms to conclude employment promotion agreements on work redistribution.

For each additional recruitment employers are to be entitled to a reduction in their social insurance contributions of BEF 150,000 p.a., provided the employment volume is at least equal to that in the same quarter of 1996. In order to benefit from the reduction the firm must be affiliated to a sectoral work redistribution agreement or, in the absence of such an agreement, conclude such an agreement at enterprise level.

The employment promotion agreements must contain at least two employment promotion measures that lead to additional recruitment. At least one of these measures must be chosen from the general framework of employment promotion measures. This general framework contains the following work redistribution measures: an extended right to a career break, voluntary part-time work, col-

lective working time reduction, flexible working hours and reduced overtime, an extended right to part-time retirement and introduction of complementary training during working time.

The sectors have until 31 March 1997 to reach a sectoral employment promotion agreement. In the absence of a sectoral agreement, an agreement may be reached at enterprise level up to 31 May 1997. In both of these cases the employment and labour minister must approve the agreement.

Creation of a right to a career break

A further draft Royal Decree envisages that a general right to a career break be introduced in the private sector (cf. BIR B-vii.2). At least 1% of all workers are to benefit from this measure each calendar year. As far as the exercise of this right to a career break is concerned, it is envisaged that workers be permitted to interrupt their careers for a total of three years during their working life, whereby the breaks may last for between a minimum of three months and a maximum of one year. The career break may be either total or part-time. In either case the employee claiming the right to a career break must be replaced by an unemployed person on full benefit (or a person of equal status).

On top of this an additional right to a career break in order to care for a seriously ill member of the household or family is to be instituted. This entitlement lasts for one month (with the option of an extension for a further month).

Extension of the measures set out in the national agreement for 1995-1996

In addition the government has decided to extend all the measures set out in the national agreement for 1995-1996: the contributions for training and for employment promotion for risk groups (cf. BIR B-i.4), the financing of the guidance plan for the unemployed (*plan d'accompagnement des chômeurs*; cf. BIR B-iii.14) and child

Overall Developments

care, the payment of double holiday pay for the third day of the fourth week of holiday and the provisions on paid training leave and practical training for young people.

Other measures in preparation

In the course of December 1996 the Council of Ministers also approved other proposals for Royal Decrees in the field of employment promotion:

The most important consist of proposals relating to:

- work redistribution in enterprises in difficulty;
- the system for the subsidisation of additional employment;
- the reduction in employer contributions for persons recruited to replace workers taking a career break or in part-time early retirement;
- the extension of the "Plus-One Plan" (cf. BIR B-v.6); and
- the reform of the loan for unemployed persons wishing to set up their own business (cf. BIR B-v.13).

Reports on these measures will appear in a later issue of "Policies".

Belgium

Financial Measures to Promote Employment

The government of the Brussels Capital Region has developed a number of measures to promote and maintain employment on its territory. Recently, three of these measures have been the subject of certain changes. The measures are: the occupational transition grant (cf. BIR B-iv.5), support for tutorials (cf. BIR B-iv.6) and the recruitment grant (cf. BIR-vi.13).*

Occupational transition grant

Employers recruiting difficult-to-place jobseekers and, in addition, taking steps to provide them with vocational training are, subject to certain

conditions, entitled to an occupational transition grant.

Employers entitled

Only firms with 250 or fewer employees are entitled to the grant. In order to benefit from the grant the employer must:

- pass on the job offer to the employment office of the Brussels Capital Region (ORBEM);
- be based (headquarters or production location) in the Brussels Capital Region and employ and train the worker in question there.

In future non-profit associations, except for those in which government plays a significant role in their financing and management, are also to be entitled to the occupational transition grant.

Difficult-to-place jobseekers

A jobseeker is considered to be "difficult to place" if, on recruitment, he or she meets at least one of the following conditions:

- in part-time compulsory education;
- between 18 and 24 and without employment for less than 10 months;
- between 18 and 45 and without employment for more than ten months but less than two years;
- more than 45 years old and without employment irrespective of duration.

An additional condition is that the jobseeker does not hold a school-leaving or other certificate higher than that equivalent to upper secondary level.

The definition of "not in employment" covers all those jobseekers not currently undertaking a vocational activity, whether as an employee or self-employed person. Periods spent in employment or of non-availability for the labour market lasting less than three months are considered of equal status to unemployment.

The grant

As previously, the occupational transition grant is available for new recruitments or for the replacement of an employee dismissed for a serious

reason or who has retired. The grant is available for 12 months.

In the case of the recruitment of jobseekers subject to part-time compulsory education the grant amounts to BEF 10,000 per month. The jobseeker recruited must receive vocational training within the enterprise lasting a total of at least 240 hours. A permanent employment contract must be reached between the jobseeker and the firm.

A grant of BEF 10,000 is also available if the recruitment occurs subject to the conditions on "alternating" employment and vocational training (cf. BIR B-iv.3). A permanent contract must be reached and working hours must be equal to least half standard working time.

The grant amounts to BEF 20,000 per month in the case of the recruitment of a jobseeker who is:

- between 18 and 24 and without employment for less than 10 months;
- or between 18 and 45 and without employment for more than ten months but less than two years; or
- more than 45 years old and without employment irrespective of duration.

Tutorials

Within the framework of vocational training measures all small and medium-sized firms located in the Brussels Capital Region are entitled to receive financial support for tutorials (cf. BIR B-iv.6).

* Legal bases:

- Decree of 18 July 1996 amending the Decree of the Brussels Capital Region of 17 October 1991 in execution of the ordinance of 29 August 1991 on the creation of a system of recruitment grants for certain categories of jobseekers in the Brussels Capital Region (*Moniteur belge* of 23.10.1996);
- Decree of 18 July 1996, amending Articles 53 to 58 of the Royal Decree of 20 December 1963 on employment and unemployment (*Moniteur belge* of 23.10.1996);
- Decree of 19 September 1996 amending Article 55 of the Royal Decree of 20 December 1963 on employment and unemployment (*Moniteur belge* of 24.10.1996);
- Ministerial Decree of 4 September 1996 specifying the formalities of application to the tutorial system within enterprises (*Moniteur belge* of 1.11.1996).

Tutorials, which are held within a framework set by a contract reached between the employer, the employee to receive training and the ORBEM, aim to improve the vocational skills of one or more employees by delegating an employee as a tutor. Employees are considered to be "in training" if they have been recruited under an employment and training contract (cf. BIR B-iv.3) and if their recruitment entitles employers to the occupational transition grant (see above).

The Ministerial Decree of 4 September 1996 regulates the implementation of this measure.

The tutor

The firm may name only one tutor who is then responsible for the worker(s) in training. The tutor must:

- welcome, inform, guide and promote the integration of the worker in training in the enterprise;
- monitor the application of the vocational training programme and the work performed by the worker(s) in training;
- write a monthly activity report;
- participate in the concluding evaluation of the training course.

The tutorial contract

The tutorial contract is to be reached prior to recruitment by completing a form provided by the ORBEM. The tutorial is to be implemented in the month in which the worker in training is recruited.

Level of support

For recruitment on a full-time basis the monthly support provided by the region amounts to 20% of the gross earnings of the tutor, ignoring bonuses and other fringe benefits. The level of support is subject to a ceiling of BEF 30,000. It remains constant for the duration of the training, unless the tutor is replaced. The measure is limited to a maximum of six months.

Recruitment grant

Since November 1991 employers in the Brussels Capital Region have been entitled, subject to certain conditions, to a recruitment grant of BEF 15,000 per month for a maximum of 12

months for a full-time employment relation and to BEF 7,500 per month for a part-time position (cf. BIR-B-vi.13).

In order to improve the prospects for disadvantaged unemployed persons, the above-mentioned decree of 18 July 1996 has changed the definition of the jobseekers entitled to participate in this measure. Employees recruited under the measure must be registered as a jobseeker with the ORBEM. They must now also, on recruitment, meet the same conditions as apply to the occupational transition grant.

Spain

The Labour Market in the Third Quarter of 1996

On the basis of the central results derived from the survey of the working population in the third quarter of 1996, the Spanish labour market exhibited the following results against the background of economic growth of 2%: a significant rise in employment (3.2%) and an expansion of the working population of 2.1%.

Developments in the quarter:

- The pace at which the Spanish economy is creating new jobs was increased, such that between July and September 1996 almost 200,000 jobs (182,510) were created. This result clearly shows that the Spanish economy's job-creating capacity has increased.
- A second significant characteristic in this quarter is the rise in the economically active population (i.e. the employed and the unemployed) by 161,670 persons. The participation rate amounted to 49.9%, four-tenths of a percentage point higher than in the previous quarter.
- Despite the employment growth achieved, unemployment fell by just 20,840.

The changes over the year as a whole reveal the same patterns:

- employment growth amounted to 387,240,
- the economically active population expanded by 332,490 and
- unemployment fell by 54,750.

Both the quarterly trend and the pattern over the first three quarters of 1996 clearly show that, against the background of faster job creation, the economically "inactive" sections of the Spanish population can be encouraged by the better prospects of gaining and retaining employment to enter the labour market, and that they are willing to actively seek work.

Italy

Regional Agreements

The agreement on employment promotion reached between the government and the social partners in September 1996 contains the basic principles for a new labour market policy measure whose aim is to support regional development: "regional agreements" (*contratti di area*). One of the central aims of these agreements is to create a reliable administrative and financial framework for the promotion of new entrepreneurial initiatives in various sectors while allowing for specific regional conditions. Each of these agreements is based on a contract between administrations, public organisations, (partly) publicly owned companies and the social partners.

These agreements regulate the following aspects: programme and realisation of the measures, stages and duration of implementations, available resources, distribution of responsibilities, etc. This agreement and the activities determined in its wake are considered to be service agreements or programme agreements and may deviate from the usual administra-

Overall Developments

tive, financial and supervisory regulations.

The regional agreements require:

1. the determination of the areas in question with concrete investment proposals in which the interventions have a high probability of success;
2. the determination of an intermediary organisation which either has the required financial resources at its disposal or can activate them.

The agreements are signed for each of the areas selected between the public administration, representatives of employees and employers, the banks and other organisations involved. As far as the financing of the initiatives is concerned, the government has committed itself to defining a credit policy that allows for regional differences in access to credit, that reduces these differences and thus strengthens the economic and social cohesion of the country.

The following elements are regulated in the agreements:

- responsibility for implementation;
- time-related and quantitative targets for the realisation of the investment projects;
- the availability of suitable areas at low cost;
- private and public resources.

The agreement permits other arrangements to be made between the social partners in order to contribute to realising the regional agreement.

Within the framework of the development of initiatives for a jointly determined programme for intervention in the area in question, the agreement also enables the resources made available within the framework of the territorial pact (cf. iMi 54, p. 7) to be utilised for regional agreements.

Finally, Law no. 662 of 23 December 1996 (published in the official gazette no. 233 of 28.12.1996 under "Measures to rationalise public finances") defines the regional agreements as a means of "accelerating development" and of creating new employment in certain areas, that is, in regions in crisis, areas of industrial development and in "industrialisa-

tion cores" in areas covered by Target 1 of the EU structural funds.

Given that this measure has only just been passed it is not possible at present to forecast its effects.

Italy

The Italian Labour Market: the ISFOL Report for 1996

For many years now the Institute for the Promotion of Employee Vocational Training (*Istituto per lo sviluppo della formazione professionale dei lavoratori* - ISFOL) has published an Annual Report on the central aspects and problems of vocational training in Italy. The Report also considers general and specific problems and developments of the Italian labour market. In the following, the latter part of the Report will be presented, as it constitutes an import frame of reference for analysis of training issues.¹

It is reported, for instance, that, in the period observed, a "gradual" change in the training system has occurred, largely as a result of experiments and EU-financed projects (ISFOL Report 1996, p. 24). As far as current problems are concerned, a decentralisation of responsibilities in the field of training deserves mention. In addition, the employment promotion agreement reached between the government and the social partners in September 1996 had not been implemented by January 1997. The aim of decentralisation is both to transfer responsibilities in the field of training to the provinces and to enable the regions to assume greater responsibility, while at the same time permitting greater coordination at central level.

According to the data collated by ISTAT for July 1996, the general situation on the labour market has remained fundamentally unchanged compared with the same month the previous year. The employment rate was 47.9%, compared with 47.8% the

previous year, while the unemployment rate in 1996 was, at 11.7%, down marginally on the previous year's figure of 12% (cf. Table 1.1, p. 43). The problems in connection with the integration of young people into the labour market and high unemployment among the elderly remain. There has also been an increase in the number of long-term unemployed and in the disequilibrium in the demand for labour between the north and south of the country: in 1996, 57.8% of jobseekers lived in the south, compared with 56.2% the previous year (p. 25). Particular attention is drawn to the changes in labour supply and the "substantial shift in the concept of work" (p. 42). In addition to the "traditional" unemployed (young people, middle-aged women, the unskilled), there are currently a large number of highly qualified unemployed adults, including managerial staff, that have been made redundant. Moreover, "the supply of stable jobs is declining in favour of seasonal work and employment for qualified employees; the labour process is moving towards decentralisation; the fact of having to undergo a continuous training process is being accepted" (p. 45).

Employers are expected to deploy labour more flexibly in terms of both wages and mobility, while at the same time the trade unions are impatiently awaiting the implementation of the employment promotion programme on the basis of the above-mentioned agreement: they are hoping for the resumption of public capital spending projects and measures to reduce working time with full wage compensation, even if it seems unlikely that these will in fact be realised. Clearly, the picture painted by the ISFOL researchers is anything but rosy. They talk of "the end of work" as a "nightmare come true" (p. 46); on the labour market the most favourable opportunities appear to be for "specialists with careers in qualified and better-paid areas, for entrepreneurial elites, for technicians, scientists, consult-

¹ Istituto per lo sviluppo della formazione professionale dei lavoratori (ISFOL) (ed.) (1996): *Annual Report 1996*, Milan: F. Angeli.
- The page and table references in the following refer to this publication.

ants" (p. 46). Yet they often do not have a permanent employment relation and in any case constitute a relatively small group so that their impact on the system as a whole is limited.

On the other side of the coin are the so-called "atypical" forms of employment, characterised by chance employment opportunities, "just-in-time" employment, agency work and the outsourcing of services (p. 47). Competition between the generations is also becoming tougher: the older cohorts occupy most of the available jobs and have a long life expectancy, so that young people are finding it increasingly difficult to enter the labour market, at least in the central sectors and pay and career avenues.

The Report points to three different approaches to understanding unemployment and the corresponding ways of fighting it. One view is that unemployment remains a cyclical problem and can thus – although it is a problem central to economic and social development – be solved with recourse to traditional methods; for a second school of thought the lack of work finally signals the onset of a leisure society, whereby leisure is to be creative.²

The third approach takes the view that radical changes on and outside the labour market in the direction of the establishment of a new social contract are required. On this view the role played by the social economy and society should be extended and the non-profit sector (social services, care for the sick, religion, legal protection and civil rights, services for the individual, etc.) should be intensified.

More specifically, the following trends were seen as characteristic of the period 1993–1995:

1. "a steady increase in long-term unemployment" and
2. "in youth unemployment;
3. more serious impact of adult unemployment;
4. a permanent decline in waged and salaried employment and self-employment in all production sectors" (p. 54).

The study of the current situation is based on a number of specific analyses conducted by the Institute; in

some cases these were conducted annually in order to identify trends. A good example are the studies conducted in conjunction with the Centre for Enterprise Statistics on the changes in demand for "qualified employees" on the basis of job advertisements in daily newspapers. Demand for this type of labour was around 17% higher in 1995 than in 1994.

As far as the status of women on the labour market is concerned, attention is to be drawn to the as yet incomplete study of atypical female employment, which accounts for around 40% of total female employment (p. 88). This segment consists of activities that "deviate from those of the 'standard employment model' and which are typical of industrial societies ..., i.e. various employment forms", including "diverse precarious forms" but also "part-time work, permanent employment relations, advisory activities" (p. 88). It may also be of use to consider some of the statistical data (for April 1996) given in the report. During this month the employment rate among women was 33.9% and among men 66.1%. The unemployment rate among women was 16.8% and among men 9.4%. The unemployment rate among women aged under 24 was 39.1%, among men of the same age group the figure was 28.4%. Finally, the unemployment rate among women under 24 in the south of the country was 66% (compared with 49.4% of the comparable group of men) (taken from the table on p. 62).

The analysis of the labour market position of women can be summarised as follows (p. 86):

- a limited rise in the presence of women in highly qualified occupations with high social status;
- the limited presence of women among entrepreneurs and professionals;
- a concentration of female employment in white-collar occupations;
- the presence of women with medium and medium-high school-leaving certificates in activities with low occupational requirements.

Interesting, and in some respects alarming, is the analysis of unemployment, which primarily points to an increase in the "viscosity" of the

Italian labour market (p. 113). In particular, "various" cores of unemployment (p. 114) were developed – 13 categories – which in 1994 covered around 88.3% of the unemployed population. For each category the following variables and indicators were considered: the time coefficient of integration (average duration of job-search), gender, regional distribution (centre-north and south), status (unemployed, youth, housewife, long-term unemployed), age and educational level.

The central results of the analysis are as follows:

- the character of unemployment is increasingly that of a permanent state rather than a temporary phenomenon;
- the labour market is showing increasing signs of "sclerosis" with scarce job opportunities and historically long integration times;
- an entrenched stock of middle-age-category unemployed aged 25–45 lacking any work experience and without a hope of integration in the labour market in the future.

Of the measures exerting a positive impact on the labour market the work and training contracts, the number of which increased by 12.5% between 1994 and 1995, and part-time work are noteworthy. These measures can be illustrated with a number of data. The number of employees recruited under work and training contracts increased from 188,952 in 1993 to 221,116 in 1994 and 248,667 in 1995 (Table II, p. 136); 50,020 of the latter in Lombardy, 32,168 in Emilia-Romagna and 25,671 in Piedmont. 1995 saw a 15% increase in part-time employment contracts, with the share of male employment recruitment consisting of part-time employment rising from 26% in 1994 to 29% in 1995. The evaluation of "socially useful work" is less positive, however: in 1995 a total of 65,570 employees (those made redundant, short-time workers, special groups of the unemployed, etc.) found employment by virtue of 4,055 projects, largely in traditional activities (p. 146): the sectors affected included environ-

2 Cf. D. de Masi (ed.) (1995): *L'ozio creativo* [Creative Leisure], Rome.

Overall Developments

mental protection, cultural heritage, health services and improving the quality of urban life (p. 145). Yet this measure must be seen as an emergency measure, as in principle it constitutes a type of social buffer. As far as training is concerned, the measure has proved unsatisfactory: such a measure should focus less on training and further training than on orientation and motivation.

Another interesting topic dealt with by the Report is that of teleworking, whereby in Italy the field of application of tele-work is restricted to a small number of experiments. The Report refers to the experiences of 83 employees of IBM SEMEA S.p.A., 20 members of staff at TEC-SIEL and a number of employees in the Rome city council. Tele-work is a different form of working, one first introduced in Great Britain in 1962 and one which in the USA is currently practised by 41 million employees. Such employment cannot be defined merely as domestic work. It offers great flexibility, the reduction in the costs of setting up and maintaining the workplace and higher employee productivity and creativity. On the other hand, in order to produce labour market effects it will have to diffuse throughout the labour market.

Practical work experience, the legal framework for which is still being developed, was also evaluated positively as a useful means of facilitating career choice, orientation, the modernisation of training contents and post-school training and of gaining initial contact to the world of work.

The recognition of occupational titles on the basis of a common educational standard, of investment in training and a personalisation of training courses are also considered important, particularly given the free movement of labour within the EU. To this end the ISFOL has revised a number of minimum indicators (activities and basic skills, the main content of technical and occupational basic and general knowledge), on the basis of which each region and each training and educational institution can evaluate its own training offers and, where appropriate, subject them to these norms.

Parallel to the definition of these minimum standards the ISFOL believes that a system of capitalisable training units for the various occupational sectors and areas should be set up. This would firstly reinforce the trend towards certifying skills that can be realised in "specific concrete job activities" (p. 343) rather than continuing to certify rather broad "skill blocks" with reference to a one or two-year training period. Secondly, a restructuring of the training investment that can be directly utilised on the labour market is under way, that can be decomposed into a number of modules and the sum of which attests to the skills of the worker. Once both the minimum standards and the capitalisable training units have been defined, both should subsequently be validated at technical and institutional level in order to be cast in a legislative form at a later date.

Portugal

Agreement on a Strategic "Concerted Action" to the Year 1999

An agreement was reached in December 1996 between the government and the social partners on a medium-term "concerted action" in the following areas:

- the economy and enterprises;
- productivity, working conditions and employee participation;
- employment, education, training and information policy;
- social protection reform: solidarity, social security and health;
- restructuring of the taxation system;
- modernisation and reform in the public administration.

The government and the social partners participating in the agreement expect average annual GDP growth at constant prices of more than 3%. In the absence of a reduction in the annual rate of productivity growth, this would imply an average annual increase in employment of 0.875%; this represents the creation of around 100,000 additional jobs. This figure may, particularly in those sectors most protected against international competition, rise to 120,000 if employment policy pursues a more explicitly growth-oriented strategy.

Placement and Vocational Guidance

France

The Delegation of ANPE Services to Partner Organisations

The ANPE is not the only institution in France working to promote employment and for the integration of jobseekers. An increasing number of other actors are also active on the labour market: local authorities, chambers, bipartite organisations, associations, etc. In order to achieve success this ever more wide-ranging mobilisation must be supported. The success of this mobilisation depends on the extent to which the following three conditions can be simultaneously met:

- the initiatives must be brought together and coordinated within the framework of a partnership;
- bringing together the demand for and supply of labour is an activity requiring professionalism, appropriate tools and an ethical basis appropriate to the aim;
- the network of actors must remain comprehensible to clients.

The ANPE, which, by virtue of its commission, is located at the centre of the network of labour market actors, must provide immaterial and material assistance in order to exert a favourable influence on the situation of jobseekers and employers. It is for this reason that it has declared partnership to be an essential element in the on-going development of the services rendered to clients. The delegation of ANPE services to its partners, including the provision of training and individual recognition, is a prime means of realising the partnership and at the same time improving access to these services.

The principles underpinning this policy of partnerships have been set out in the Partnership Charter (cf. iMi 48, p. 15). The practical procedures for the delegation of services were estab-

lished in the technical dossier for the "Espaces jeunes" (cf. iMi 49, p. 9) and supplemented by other elements applying to all partners.

The expectations held by clients

The expectations held by clients – be they jobseekers or firms seeking to fill vacancies – of partner institutions to whom the ANPE has delegated services do not differ fundamentally from those held of the ANPE itself: guidance and respectful treatment, clarity regarding the services offered, choice, the availability of a competent contact person, etc.

Depending on the partner to whom the client turns, other expectations may also be held. Service provision and the service itself also depend on the partner in question. Consequently, it is not possible to entrust each partner with the same range of services and the full quality commitments vis à vis clients that can be demanded of a local employment office. It is therefore necessary to reach agreement with the partner in question on the services to be delegated and the level at which this is to occur.

ANPE requirements

The Partnership Charter sets out the underlying principles on which all partnership agreements must rest. Where such agreements provide for the delegation of services they are based on lists of obligations that set out the services delegated, the levels of delegation, the conditions for the provision of training and the granting of individual recognition to the partner, the procedures for subsequent monitoring and quality control, and the rules to be adhered to and the financial resources provided.

The delegation of services requires, in particular, that the delegated services can be unequivocally identified in the list of services provided throughout the country and that the level at which they are to be provided is unambiguously indicated. The delegation level (1, 2 or 3) depends on the ability of the partner to perform certain services itself:

- Level 1 consists largely in the passing on of information.
- Level 2 allows a partner to provide services that are virtually commensurate with those offered by ANPE staff, whereby information technology tools are not utilised, although access to job offers on a Minitel server does exist so that contacts can be made.
- Level 3 includes, in addition to the services in Level 2, access to the ANPE's information technology servers (SAGE, GIDE, APPUI). The conditions are thus virtually the same as apply to the work of ANPE staff.

The delegation of services within the framework of the new range of services

The new range of service offers (cf. iMi 55, p. 16) constitutes the standard vis à vis the clients and all the ANPE's agents. It also determines the level of qualifications required by ANPE partners and for service delegation. The tables given below – divided by service – indicate the service levels corresponding to the three delegation levels.

Service provision to employers: scope for partner institutions

1. Service: Recruitment assistance

This includes: jobsearch, negotiating the service level, processing and recruitment (see Table 1, p. 12).

2. Service: Implementing measures

See Table 2, p. 12.

3. Quality commitments "Employers"

At every delegation level the partner must commit itself to meeting the quality commitments made by the ANPE to its clients.

At delegation level 2, which often constitutes a "middle-range" level and serves to prepare an institution for Level 3 with its more comprehensive range of services, the contact person for the firm can, depending on the local agreement applying, be determined in two different ways:

Placement and Vocational Guidance

Table 1: Service: Recruitment Assistance			
Level of Service and Service Offered	Delegation Level 1	Delegation Level 2	Delegation Level 3
<i>Service Level D:</i> Selecting by a single contact person candidates whose occupational profile has been validated	No	Yes, if the staff member is the contact person identified and performs subsequent monitoring; no, if this is not the case	Yes
<i>Service Level C:</i> Selecting by a single contact person candidates on the basis of jointly defined criteria	No	Yes, if the staff member is the contact person identified and performs subsequent monitoring; no, if this is not the case	Yes
<i>Service Level B:</i> Mediation of the offer <i>without</i> indicating the name and address of the firm; selection on the basis of selected criteria	Yes, but without the possibility of direct contacting	Yes	Yes
<i>Service Level A:</i> Mediation of the offer <i>indicating</i> the name and address of the firm with the aim of direct contact to applicants	Yes	Yes	Yes

Table 2: Service: Implementing Measures			
Service Level	Delegation Level 1	Delegation Level 2	Delegation Level 3
<i>Service level C:</i> Information, advice and implementation at the behest of the firm	No	No	Yes, but conclusion of contracts not possible
<i>Service level B:</i> Information and advice	No	Yes	Yes
<i>Service level A:</i> Advice on the measures	Yes	Yes	Yes

- The recognised partner is the contact person for the firm. The partner's code is entered by the ANPE into the information technology system for the administration of the job offers (SAGE or SAGETEL) when the offer is passed on by the partner. The contact person is then responsible for sending the letter of confirmation and for implementing subsequent controls. At service levels C and D the ANPE passes on to this person job applications for selection and contact.
- The contact person for the firm for the job offers passed on by the partner is a member of staff of the local employment office. He or she sends

the letter of confirmation and performs the subsequent controls. The recognised partner informs the firm of this. The employment office informs the partner depending on the processing of the job offer.

Services for jobseekers: the scope for action by partners

1. Service: Proposing job offers

This includes making offers available, searching for job offers, establishing contacts and follow-up work, etc. (see Table 4, p. 13).

2. Service: Helping to ensure successful jobsearch

This includes the provision of jobsearch tools, advisory interviews on jobsearch, registration as jobseeker and, where appropriate, the provision of jobsearch assistance, individual or collective follow-ups, etc. (see Table 5, S. 13).

3. Service: Assistance in drawing up or developing an employment access project

This includes the provision of information on vocational training and the labour market, advisory interviews on employment access projects, validating vocational training plans, reg-

	Delegation Level 1	Delegation Level 2	Delegation Level 3
You are guaranteed of having a specific contact person	No	Yes or no, depending on local agreement	Yes
You are guaranteed that you will be advised on the service most appropriate to your needs	No	Yes	Yes
You are guaranteed a written confirmation of your request from the specific contact person	No	Yes or no, depending on local agreement	Yes
You are guaranteed regular information on the progress made with your request	No	Yes or no, depending on local agreement	Yes

	Delegation Level 1	Delegation Level 2	Delegation Level 3
Monitoring following recruitment	No	Yes	Yes
Ensuring equality of opportunity for socially disadvantaged applicants	No	Yes	Yes
Establishing contact at the request of the candidate or by agreement	No	Yes	Yes
Advice of a given job offer	Yes	Yes	Yes
Comparing demand and supply	No	Yes	Yes
Making available and disseminating job offers	Yes	Yes	Yes
Deployment of various media	Desirable	Desirable	Desirable

	Delegation Level 1	Delegation Level 2	Delegation Level 3
<i>Guidance:</i> Individual follow-up Collective follow-up of jobsearch (with or without member of staff)	No No	Yes Yes	Yes Yes
<i>Personal advice and case-by-case intervention</i> Ad-hoc advisory interviews on jobsearch and the labour market Jobsearch modules	No No	Yes Yes	Yes Yes
<i>Provision of:</i> Jobsearch information (and on the labour market) Self-service technical equipment	Yes Desirable	Yes Desirable	Yes Desirable

istration as jobseeker and the provision of evaluation and vocational orientation services, individual or collective follow-up work, etc. (see Table 6, S. 14).

4. The first careers interview

Registration in the list of jobseekers cannot be delegated to partners. Within the framework of the official registration of the jobseeker with the unemployment insurance institution, ASSEDIC (cf. iMi 55), the first careers interview, obligatory following each

new registration with ASSEDIC, is of decisive importance for making a precise diagnosis of demand, ascertaining skills and career plans, and for – together with the jobseeker – determining the service and the corresponding service level to be provided the jobseeker. This first stage of initi-

Placement and Vocational Guidance

	Delegation Level 1	Delegation Level 2	Delegation Level 3
<i>Guidance:</i> Assistance in drawing up or developing an individual or collective employment access project	No	Yes	Yes
<i>Personal advice and case-by-case intervention</i> Advisory interview on the employment access project	No	Yes	Yes
Validation of a vocational training plan	No	No	Yes
<i>Provision of:</i> Vocational training information	Yes	Yes	Yes
Careers information (also on the labour market)	Yes	Yes	Yes

Commitment	Delegation Level 1	Delegation Level 2	Delegation Level 3
To commence immediately with reception and guidance	To be negotiated in flexible manner, whereby the specific characteristics of the partner organisation are to be taken into consideration		
To propose to the jobseeker the service most appropriate to his/her situation from the first meeting on	No	No	No
To place at your disposal precise and comprehensible job offers	Yes	Yes	Yes
To bring the job offers posted up to date in real time	No	No	Yes
To make available self-service equipment in good working order	To be negotiated in flexible manner, whereby the specific characteristics of the partner organisation are to be taken into consideration		

ating jobsearch and presenting the range of services on offer must be performed by the local employment office and cannot be delegated to a partner organisation.

5. Quality commitments to jobseekers

The quality commitments to jobseekers, which correspond to their expectations of the ANPE, refer largely to modes of organisation and the provision of specific services to local em-

ployment offices; these are often different from those provided by partners. Consequently, these quality commitments differ between the ANPE and the partners (see Table 7).

Job Creation

Germany

More Jobs in Private Households by Means of the Household Cheque and Tax Concessions

Since 1 January 1997 the employment of socially insured employees in private households has been promoted by means of a substantial improvement in tax concessions and simplified employer obligations. Up to DM 18,000 p.a. (instead of DM 12,000) can be deducted from taxable income per household for the costs of socially insured employment in the household. The restrictions previously imposed on eligibility for the tax allowance – two children (for single parents one child) in the household or the disability of one person living in the household – have been lifted. Thus, from the start of 1997 all private households may take advantage of the tax allowance.

In future employers will be able to meet their obligations to the social insurance system – registration and deregistration of the employee, calculation of the social insurance contributions, paying the amounts due – by means of a household cheque on the French model. This cheque constitutes a direct debit agreement with the health insurance institution, which calculates and deducts from the employer's account the social insurance contributions and the contributions under the continued wage payment (in case of sickness) law. The household cheque is available in a total of 56,000 locations (health insurance offices, employment offices, banks and building societies) throughout Germany.

The new procedures and the financial support will help families with children, employed single parents, the ever-increasing number of elderly people unable to count on help from their own family, and employed cou-

ples. Above all, the new opportunities benefit all those who are thus given the opportunity of socially insured employment.

Spain

Employment and Social Protection Agreement in the Agricultural Sector

Within the framework of the "Employment Plan for Rural Areas" (*Plan de Empleo Rural – PER*), a dialogue has been under way between the social partners that has led to a consensus on a new agreement containing reforms aimed at modernising the labour market. In November 1996 the "Employment and Social Protection Agreement in the Agricultural Sector" (*Acuerdo para el Empleo y la Protección Social Agrarios – AEPSA*) was reached between the Ministry of Labour and Social Affairs, the socialist trade union federation (*Unión General de Trabajadores – UGT*) and the federation of communist trade unions (*Comisiones Obreras – CCOO*).

The "Employment Plan for Rural Areas" (PER), now entitled "Employment and Social Protection Agreement in the Agricultural Sector (AEP-SA), has until now been a job creation programme in rural areas, complementary to public investment, focused on casual agricultural workers, who were provided with grants within the framework of the "Special Agricultural Social Insurance system" (*Régimen Especial Agrario de la Seguridad Social – REASS*). The aim of this programme was to integrate unemployed people in rural areas and casual agricultural workers into the labour market in permanent employment relations, the creation of which was promoted in agriculture and other sectors of the autonomous regions of Andalusia and Extremadura.

The new agreement envisages an improvement in the protection afforded casual labourers and intensified job creation and also aims to avoid the irregularities and abuse that have occurred in the past. The most important changes are as follows:

- the development of an overall concept for a more effective deployment of public investment in the area. The responsibility of all the representatives involved is to be increased and institutional involvement in controlling the deployment of resources improved. In addition, efforts are to be made to bring about the joint signing of "activity protocols" (*Protocolos de Actuación*) with the governments of the autonomous regions in this area.
- Support for changes in working culture in terms of moving away from passive support benefits and towards a culture of activity, initiative and employment. To this end the fields of activity by the public authorities to stimulate private initiative and the private sector and to create permanent jobs are to be diversified.
- The introduction of a new instrument, tailored to casual labourers in the agricultural sector to provide personal information and vocational guidance with the aim of facilitating labour market integration via participation in vocational training courses or work experience.
- In order to achieve these aims regional plans for integrated employment services (*Planes de Servicios Integrados para el Empleo – SIPES*) are to be developed and specific services by training centres realised. Already existing vocational qualifications are to be optimised or additional training is to be offered in order to enable workers to adjust to requirements.
- By guaranteeing a basic income up until integration into the labour market or exit from it, protection for young people is to be rendered

Job Creation

more uniform and that for older workers extended.

- During 1997 a working party is to analyse an extension of the unemployment insurance system to casual agricultural labourers and to negotiate on this topic with the sig-

natory parties to the agreement in view to establish such a system by 1 January 1998.

- Within the framework of the "Agreement to improve and rationalise the Public Pension System", which has emanated from the To-

ledo Pact (*Pacto de Toledo*), it is to be considered whether to conduct a study into a reform of the "Special Agricultural Social Insurance system" (*Régimen Especial Agrario de la Seguridad Social*).

Training

Spain

Agreement on Vocational Training

In June 1996 the government began a social dialogue with employer and employee organisations to discuss vocational training. The negotiations revealed the continuing need for support for vocational training in the enterprise and for improvements in the cooperation between government and employer and employee organisations.

In December 1996 the second agreement on vocational training (*Segundo Acuerdo nacional sobre Formación Continua*) was signed between the government and employer and employee organisations. It will be in force from 1 January 1997 to 31 December 2000.

The most important general principles underpinning the agreement are as follows:

- the creation of a fund into which the vocational training contribution is to flow, whereby other sources of finance for the continuing vocational training of the employed may continue to exist;
- the maintenance of government control over the resources derived from the vocational training contribution;
- the retention of the central role played in vocational training by the

social partners and/or firms and workers;

- the unity of the labour market and the free circulation of labour in developing further vocational training measures;
- sectoral collective agreements as an on-going development of the National Agreement on Vocational Training constitute the subsystems of the national system of vocational training.

The government and the signatory employer and employee organisations are agreed that the further training contribution of 0.7% of the payroll charged as of 1 January 1997 should be divided equally between further training for the employed and the unemployed. In this context the framework set out in the National Vocational Training Programme (*Programa Nacional de Formación Profesional*) applies to both the public and private sector:

- training programmes for individual firms with more than 100 employees;
- joint programmes within a sector oriented towards several firms which together have more than 100 employees and promoted by the relevant employee and employer organisations in the sector;
- inter-sectoral training plans;
- approvals for individual training;
- preparatory and accompanying training measures.

It has also been agreed that part of the revenue generated by the further

training levy destined for the employed will be dedicated to other categories of workers, such as agricultural workers – with supplementary grants from the social insurance institution (*Régimen Especial Agrario*) – and the self-employed.

A "Tripartite Commission for Vocational Continuing training" (*Comisión Tripartita de Formación Continua*) is being set up to administer and monitor the Agreement.

The government and the signatory organisations have transferred responsibility for the management, monitoring and technical control of the training initiatives for employees and trainees to the "Vocational Training Foundation" (*Fundación para la Formación Continua – FORCEM*), a national, bipartite, non-profit institution set up in May 1993.

Italy

Work Experience

An earlier edition of "Policies" (iMi 53, p. 15) reported on the coming into force of new regulations on practical training and orientation on the basis of Decree-Law no. 515/1995 (published in the official gazette, 4.1.1995). Despite repeated attempts to imple-

ment it, the Decree has lapsed with regard to the section on work experience.

As a result of this a number of earlier provisions have once again entered into force, as it were "automatically". They are contained in Article 9, Paragraphs 14-18 of Law no. 236/1993 (published in the official gazette of 30.8.1993). Under these provisions universities, school departments, public schools, vocational training and orientation centres and external offices of the Ministry of Labour and Social Affairs may place trainees with private employers that have expressed their willingness to take them, provided this has received the prior approval of the trade union representatives in the enterprise (or the local trade union branch representatives). The training providers mentioned (universities, school offices, etc.) must, however, inform the local labour inspectorate and through it the Regional Employment Commission (*Commissione regionale per l'impiego*) and the regional government. Although the practical training does not constitute an employment relation, a number of insurance measures – concerning which the trade union representatives in the enterprise must be informed – are required for the trainees. In particular the practical trainees are insured against accidents at work by means of a corresponding agreement with the agency responsible for accident-at-work insurance (*Instituto nazionale per l'assicurazione contro gli infortuni sul lavoro* – INAIL).

As far as the differences between the provisions in the Decree that is now no longer in force and the provisions that have once again entered into force (Article 9 of Law no. 236/1993) are concerned, a cursory view reveals that the provisions in Law no. 236/1993 are less articulated and thus more general in character than the subsequent Decrees. The basic principle however, is the same, namely to increase direct experience of the world of work by means of work experience in order to facilitate personal career choice. An additional point is that local offices (the Office for Employment in Latium, the regional employment offices in Milan, in Umbria

and in Piedmont in collaboration with the Labour and Employment Office of the province of Alessandria) have gained divergent experience in relation to the content of the Decrees. There is thus in some cases the problem of a coexistence between old and new legislation.

The most important differences are as follows:

1. The duration of the work experience, which under Law no. 236/1993 amounted to a maximum of twelve months, but which under the Decrees (most recently Decree no. 511/1996) was subject to a maximum of two months (which could be extended to four months in the case of disabled persons);
2. In both cases the role of tutor is seen as being responsible for pedagogical and organisational tasks. Yet whereas Law no. 236/1993 allows for just one tutor, Decree no. 511/1996 requires a second, the so-called "enterprise tutor", responsible to the educational establishment for supervising the work experience (Article 7, Para. 8, Decree no. 511/1996).
3. Decree 511/1996 permits a larger number of institutions to promote and initiate work experience; the circle of such institutions includes therapeutic associations and non-profit cooperatives.

Under Law no. 236/1993 the following may benefit from work experience:

- school-children, students and those undergoing vocational training (up to two months);
- those in the last year of education/training or awaiting employment (the unemployed, workers made redundant, those seeking their first job) (up to three months);
- persons with an upper-secondary school certificate attending further training courses (up to three months). As far as this last category is concerned, it is to be noted that further training activities may be considered as "useful educational investment for continuing studies at university level with the aim of gaining a university degree" (Article 9 (16), Law no. 236/1993).

The last-mentioned possibility is particularly interesting for a number of reasons. First of all, the aim is to establish closer contacts between the world of work and the education system, permitting alternation between theory and practice. Secondly, such experiences may be converted into educational investment, which would appear to create a new orientation with regard to the recognition of occupational titles and the gradual establishment of a system of "broadly distributed opportunities" on the national labour market.

In summary it appears that in addition to forms of recognition for broad-based "blocks" of knowledge (training courses lasting for one or two years, etc.), other forms – knowledge "segments" – will make their mark, linked to an "effective performance of occupationally specific activities" (cf. ISFOL Report, p. 343).

At the practical level the work experience opportunities will be realised on the basis of agreements between private employers, work experience candidates and the educational establishments mentioned above and on the basis of criteria agreed upon by the labour ministry in conjunction with other sections of government (education and research ministries) and employee and employer organisations.

To this end the labour ministry has drawn up a draft agreement in order to facilitate a uniform application of the regulations at national level and in order to conform to the programmatic stipulations set out in the agreement on employment promotion reached on 24 September 1996 between the government and the social partners.

EU and non-EU citizens have the same opportunities in this context. The latter are to be subject to criteria and formalities to be defined by the Ministry of Labour and Social Affairs by decree.

It is not yet possible to determine the impact of the changes on the Italian labour market, although it can be assumed that the impact will positively contribute to the matching of supply and demand on the job market.

Austria

Additional Training Places in Training Workshops

At the end of December 1996 5,237 young people in Austria were seeking initial training, whereas only 2,205 training places were vacant. While in international terms the absolute figures may not appear dramatic, analysis over time reveals changes that are indeed very serious (cf. Table 1).

Two years ago a permanent working party of the youth officers of the state-level Labour Market Service (AMS) offices was instituted. It has developed a detailed and nationwide reporting system that, by virtue of careful observation of the training and youth labour market, provides the bases for the design of new measures and for evaluating the impact of measures.

On the initiative of the youth officers' working party a new grant was introduced in 1996 in order to create additional initial training opportunities. The directive for the "Special programme to promote additional initial training opportunities in training workshops" has been in force since 1 August 1996. It aims to close the gap in training opportunities by exploiting the free training capacities in training workshops. Within the space of a year a total of 700 additional initial training opportunities are to be created throughout Austria.

Conditions of entitlement

- training places are only entitled to be supported if they transcend the own requirements of the institution running the training workshop;
- only polyvalent forms of initial training are entitled to support;
- the prospective trainees need not belong to any particular labour market group.

Level of the grant

The monthly grant amounts to ATS 6,000. For young women in occupa-

Year	Young people seeking initial training	Vacant training places
1991	2,558	13,410
1992	2,731	9,971
1993	3,389	6,504
1994	3,137	4,966
1995	3,677	3,291
1996	5,237	2,205

tions in which women are seriously underrepresented and in the case of other disadvantages the grant rises to ATS 8,000 for the duration of the training.

Amendment to the grant to promote apprenticeships

The changed situation on the apprenticeship market also made it necessary to amend the directive on the "Grant to promote apprenticeships" in 1996. During the years in which there was an oversupply of apprenticeship opportunities, the grant was only used sporadically in order to assist disadvantaged young people. Compared with the previous version, the amended grant marks a significant extension in terms of both the aims and the target groups.

Labour market policy aims

- Integration of labour market policy problem groups into the labour market;
- overcoming the lack of training opportunities by creating (additional) training opportunities;
- reducing the disadvantages faced by women on the labour market;
- qualitative improvements in initial training through polyvalent training, inter-enterprise additional training and group apprenticeship occupations.

Target groups

- Young women in occupations in which women are seriously underrepresented;
- young persons with a physical or mental disability;
- young persons with social problems;

- school-leavers from the general special schools;
- school-leavers with only minimum compulsory education and learning problems;
- trainees that have lost a training opportunity;
- young persons who only completing minimum compulsory education were registered as looking for training or work for at least four months;
- young people over the age of 19;
- prospective trainees interested in polyvalent training, in inter-enterprise additional training, etc.

Conditions of entitlement

- Enterprises and training establishments entitled to perform initial training are eligible for the grant;
- an advisory interview between the regional employment office and the young person in question is a condition;
- a training contract must be concluded between the enterprise/training establishment and the prospective trainees;
- persons aged 19 or over must receive remuneration at least in accordance with collectively agreed rates.

Level of support

The standard monthly rate of support is ATS 4,000 for enterprises and ATS 6,000 for training establishments. For persons aged 19 or above the grant amounts to ATS 10,000. In the case of inter-enterprise additional training the support may reach 50% of the costs, although subject to a ceiling of ATS 8,000. These national figures apply only during the first year of train-

ing; for subsequent training years the various federal state offices of the AMS may determine various support levels (exception: young women receive a uniform level of support for the entire training period). In the case of disabled persons, the federal social security offices assume responsibility for payment of support from the second training year on.

Portugal

New Legislation on Apprenticeships

The changes in the regulations governing apprenticeships (Decree-Law no. 205/96, 25.10.1996) introduced in October 1996 aim to lay greater emphasis on an interaction between education and training and to intensify the training occurring within the enterprise in order to facilitate the subsequent placement of trained apprentices.

The apprenticeship regime now provides young people who have passed the age of compulsory schooling with the opportunity of gaining a polyvalent vocational training that offers them a vocational qualification progressing on to intermediate qualifications and a school certificate.

The courses contain, depending on the occupational field in question and the level of the vocational qualification, socio-cultural, scientific-technical and practical training elements and encompass both a theoretical and a practical component. Practical training must be performed within an enterprise, be spread over the entire training period and may not exceed 50% of the overall time spent in training.

The apprenticeship encompasses:

- *Level I orientation courses:* These courses are aimed at young people lacking a school-leaving certificate who, following a suitability test, were considered unsuited for immediate participation in a vocational training course. Level I con-

sists of between 600 and 800 hours of teaching and entitles participants to a Level I vocational training certificate, enabling them to participate in Level II courses.

- *Level II vocational training courses:* These courses are aimed at young people lacking a school-leaving certificate (with a modular structure and a duration of between 1,800 and 4,500 hours) and young people who have completed nine years of school education (with a duration of 1,500 to 1,800 hours). Participants completing the course are entitled to a Level II vocational training certificate.
- *Level III vocational training courses:* These courses are aimed at young people who have completed nine years of school education (with a modular structure and a duration of around 4,500 hours) and young people with a secondary school certificate but no vocational training (duration between 1,500 and 1,800 hours). Participants completing the course are entitled to a Level III vocational training certificate.
- *Post-secondary vocational training courses:* These courses involving occupational specialisation or further training are aimed at young people holding a Level III vocational training certificate and entitle participants to a concluding certificate. Such courses are organised on the basis of contractual agreements between a coordination office for apprenticeships, a training centre and a firm or other business organisation.

Around 12,700 apprentices are to receive training in 1997. Financial resources totalling PTE 12,670,860,000 have been earmarked for this purpose.

United Kingdom

14-19 White Paper

Published on 9 December 1996 at the "Getting a Good Start in Working Life" Conference, the UK Govern-

ment's White Paper, "Learning to Compete: Education and Training for 14-19 Year Olds" aims to improve the employability of all young people in this age group by providing appropriate education and training. It has four main themes:

- the introduction, from September 1997, of a new entitlement to Learning Credits for all 14-21 year-olds giving them access to suitable education and training. The quality of qualifications will be enhanced, while Youth Training will be replaced by National Traineeships (cf. iMi 55, p. 22);
- helping to equip young people for working life, through promotion of key skills in education and training so as to enable them to meet employers' needs;
- the introduction of the "Relaunch" scheme, which provides a new start in learning for young people who are not in learning or in danger of dropping out; and
- the establishment of effective partnerships to take the proposals forward, involving education and training providers, business, careers services and funding and qualifications bodies at both local and national level.

The Department for Education and Employment has secured funding of GBP 626 million under Objective 3 of the European Social Fund to further the objectives of the White Paper.

United Kingdom

Increased Funding for TECs

The UK Government announced on 11 December 1996 that Training and Enterprise Councils (TECs) will receive a further GBP 50 million for local investment projects over the next three years. The package includes:

- an extra GBP 20 million for the TEC Discretionary Fund, extending it to the year 2000;

Training

- a new inward investment fund, totalling GBP 9 million over 1997–2000, to help pay for training costs associated with major inward investors; and
- a further GBP 21 million committed to local projects over the next two years as part of the existing TEC Discretionary Fund.

The Discretionary Fund was introduced in April 1996 to help TECs and their partners tackle strategic local issues that cannot be fully addressed within the Department for Education and Employment's national programmes. To qualify, TECs must secure a minimum of matched funding from their local partners.

The initial response by TECs has been enthusiastic, and projects approved already include County Durham TEC's virtual reality training packages for electronics and manufacturing employers and Heart of England TEC's maths and reading project to improve educational achievements in deprived areas.

Social Protection, Unemployment Benefits

Finland

Comprehensive Reform of the Unemployment Insurance System

The unemployment security scheme will undergo remarkable changes on 1 January 1997. The system in force until the end of 1996 was created to compensate the loss of earnings during intermittent periods of unemployment. In the present employment situation it does not work in the best possible way.

A central starting point for the reform was to move the focus from paying passive income maintenance benefits to supporting job applicants' active efforts in seeking access to an occupation and in developing their occupational skills for the labour market. The aim is to make active job-search, and especially accepting short-term jobs, more profitable than remaining unemployed.

The waiting period will be extended from five to seven days, the time-at-work condition will be prolonged from six to ten months and the amount of the earnings-related daily allowance will be calculated on the basis of the period immediately prior to unemployment. The calculation method for the adjusted daily allowance will also change as well as the right to extra days.

The Act on Labour Market Support will be amended so that the restrictions concerning young persons without vocational training cover all under the age of 24 instead of the previous age limit of 20. At the same time the needs assessment with respect to eligibility for labour market support will be softened.

The changes in unemployment security mainly concern the payers, i.e. the unemployment funds and the National Pensions Institution (KELA).

Now that it pays to accept a job during unemployment, moonlighting is expected to decline in importance. The purpose of the changes is

also to reduce the possibilities to exploit the system. Besides the structural reforms of the unemployment security scheme, active measures will also be introduced and intensified, in particular with the aim of avoiding labour market exclusion. Additionally, systems of job-sharing, such as a job alternation leave and part-time pay supplements, have been developed.

Greece

Increase in Unemployment Benefit

Following a decision by the labour minister, unemployment benefit has been increased by 10%. This increase applies to all employees whose employment relation is terminated after 1.1.1997 or whose fixed-term employment relation expires after this date.

Special Categories of Workers

Belgium

Recruitment of Especially Difficult-to-Place Jobseekers

Within the framework of the recruitment plan (cf. BIR B-v.7), so-called "insertion enterprises" and non-profit organisations with "social aims" (*société à finalité sociale* – SFS) recruiting especially difficult-to-place jobseekers are entitled to a reduction in employer social insurance contribution. Two Royal Decrees have recently come into force permitting this measure to be applied in practice.*

Insertion enterprises and "companies with a social aim"

So-called insertion enterprises are companies and associations that are legal entities, are recognised and supported by regional or community authorities and whose social aim lies in the social and occupational integration of especially difficult-to-place jobseekers by means of a productive activity (goods or services). Since 1 July 1996 a number of firms have been officially recognised as insertion enterprises; a complete list of such firms has been published in the *Moniteur belge*.

The "company with a social aim" (SFS) is a new legal form of company that was introduced on 1 July 1996. It is a company just like any other, but a number of additional criteria also must be met.

A company is defined as a "company with a social aim" if it does not serve the material benefit of the owners and if its statutes:

- stipulate that the owners do not seek a material advantage or that this advantage is only limited;
 - define precisely the social aim to which its activities are dedicated;
 - define the policy of profit utilisation in accordance with the internal and external aims of the company;
 - provide for a restriction on the right to vote;
 - prescribe that the administrators or owners must produce an annual report covering the ways in which the company has monitored the realisation of the aim it has set itself;
 - provides for a procedure by which each member of staff can become an associate member of the company at the latest one year following recruitment by the company;
 - prescribes that, on liquidation, following the payment of all dues and the return of deposits to the partners, the assets of the company are to be used for a purpose that approximates as closely as possible to the social aim of the company.
- 100% for the quarter in which recruitment occurs and for the following four quarters;
 - 75% from the fifth to the eighth quarter following the quarter in which recruitment occurred;
 - 50% from the ninth to the twelfth quarter following the quarter in which recruitment occurred; and
 - 25% from the thirteenth to the sixteenth quarter following the quarter in which recruitment occurred.

Difficult-to-place unemployed

It is only difficult-to-place jobseekers that may be placed within the framework of this measure. These are defined as unemployed persons who, on recruitment, have been registered as unemployed with their regional employment office (VDAB, FOREM or ORBEM) for at least twelve months, do not have an upper-secondary school certificate and who, during the past 12 months, have neither participated in full-time training nor have worked for more than 150 hours in waged/salaried employment or have been self-employed for more than one quarter. Certain periods (periods spent in vocational training or periods of work incapacity) are considered equal in status to being registered as unemployed.

Extent of the reduction in social insurance contributions

Insertion companies and companies with a social aim recruiting especially difficult-to-place jobseekers are entitled to a reduction in employer social insurance contributions as follows:

Belgium

Vocational Rehabilitation of the Disabled Through Work Experience

The government of the German-speaking community recently issued a decree on the implementation of work experience (stages) within firms with the aim of promoting the social and vocational integration of the disabled (Decree of the government of the German-speaking community of 28 November 1996 on work experience for the vocational rehabilitation of the disabled; *Moniteur belge*, 12.9.1996). These work experience opportunities, which aim to prepare disabled persons for employment under normal working conditions, are organised with regard to the abilities and inclinations of participants.

Participants

The following requirements are made of participants. They must

- be registered with the Office of the German-speaking Community for Disabled Persons and for Special Social Benefit;
- be at least 21 years of age;
- be in receipt of a wage compensation benefit.

* Royal Decree of 28 October 1996 setting out the procedure to be followed by insertion enterprises and non-profit organisations in order to benefit from the recruitment plan to promote the recruitment of jobseekers, and the Royal Decree of 31 October 1996 modifying the Royal Decree of 30 March 1995 on the implementation of chapter II of Section IV of the Law of 21 December 1994 on social dispositions and other items.

Special Categories of Workers

Conditions and procedures

Following authorisation by the above-mentioned Office, an individual work experience contract is signed between the participant and the employer. The appendix to the contract must indicate the work experience programme specifying the tasks and the working hours to be performed by the participant with a view to his/her disability.

Authorisation by the Office is valid for a maximum of 12 months and can be extended. The Office is empowered to revoke its approval if one of the parties no longer meets its obligations or in cases in which it becomes apparent during the course of the work experience that it is not suited to the disabled person. Each of the parties to the contract may terminate the contract at his/her discretion.

The work experience must be supervised by a qualified person from an institution or service approved by the Office or by a qualified member of staff of the Office itself. This person is at the disposal of both the participant and the employer to advise them and, where required, to make recommendations regarding technical, organisational or didactic changes. On top of this he/she monitors the implementation of the work experience programme.

During the programme the programme must be evaluated at least every three months and the results of this evaluation are to be submitted to the Office in the form of a report.

Obligations of the parties

The employer is obliged:

- to implement the measures proposed by the supervisory staff member with the aim of developing the skills of the participant with a view to his/her social and vocational integration;
- to personally supervise the implementation of the work experience contract, or to delegate this task to a member of the workforce.

The participant is obliged:

- to participate conscientiously in the work experience programme;
- to respect the general and the enterprise-specific labour regulations

and to keep the firm's commercial secrets;

- to do nothing that might endanger his/her safety or that of colleagues or other persons.

Costs and insurance

The disabled participant does not receive a wage.

The costs to be borne by the participant are to be agreed unanimously between the parties to the contract and the supervisory staff member. These costs are reimbursed to the participant by the employer up to a ceiling set by the Office.

The Office concludes on behalf of the participant an insurance policy against accidents at work and civil liability.

so as to bring it into line with its real aim. Transitional regulations have been introduced to avoid economic hardship in enterprises that have been dependent on seasonal workers from non-EU countries virtually the whole year through.

The regulation that for the individual seasonal worker a work permit may only be issued for a total of three months per year remains unaffected by the amendment.

Greece

Study of the Situation of Illegally Employed Foreign Workers

In the context of the debate on the problem of the illegal employment of foreign labour, the OAED, the Greek labour market authority, has conducted a study, the aim of which was to determine the motives behind the entry into Greece of illegal foreign workers. Their working and pay conditions, employment status and other social aspects were also examined. This study was considered necessary as a basis for subsequent measures.

According to the survey, the main reasons given for labour migration from Albania, Poland and the Philippines were unemployment and low wages in the countries of origin. Greece was chosen because it is a neighbouring country (for Albanians), because relatives lived there (a factor mentioned by many Poles) or because of the ease of finding employment there (Filipinos).

Most of the illegally employed workers are to be found in the construction industry, as seasonal workers in agriculture and more generally as unskilled labour. Polish workers are also encountered in craft enterprises and factories. As far as occupational mobility is concerned, 15 to 16% had improved their employment status by moving sector (Poles and Albanians). 50% are employed on a

Germany

Restrictions on the Employment of Seasonal Workers from Non-EU Countries

A "Decree amending the law on work permits" stipulates that as of 1 January 1997 the employment of foreign seasonal workers from non-EU countries will be restricted to six months and as of 1 January 1998 to five months per enterprise.

The previous regulations governing seasonal employment, which imposed no time limit on enterprises, had led to an ever-increasing number of foreign workers from outside the EU, particularly from Poland, being employed in the agricultural sector. As a consequence agricultural enterprises have been exploiting the regulations on seasonal employment to an extent far exceeding the original aim of meeting seasonal demand peaks by drawing on labour from abroad.

In order to take advantage of the considerable employment potential in this area for domestic labour it was necessary to redefine the regulation

seasonal basis. Most of them have received some sort of vocational training in Greece. Only a quarter of those surveyed were covered by social insurance.

Serious problems include excessive working hours (Albanians: 16%; Poles: 41%; Filipinos: 90%), inadequate pay (71% have monthly earnings of between GRD 100,000 and 150,000), and the compulsion to perform unpaid and unhealthy work. Although those questioned had few links with the trade unions, their demands are for legalisation, equality of rights, residence permits and inclusion in the social insurance system. According to a survey by Kapa Research S. A. on behalf of Athens' Trade Union, foreign labour promotes capital accumulation in enterprises, leading to rising output and prosperity.

The introduction of a work permit for foreign workers under the new Law no. 2434/96 in agreement with the social partners will support the measures taken by the OAED to control and limit illegal employment.

Netherlands

Measures for Minorities and Branches

In accordance with the National Labour Programme for 1997 agreed by the Central Labour Market Authority (CBA) on 19 December 1996, the labour market authority is to focus more closely on employment opportunities for minorities. At the same time it intends to concentrate on branch-level policy in order to be in a position to place more unemployed persons through more intensive contacts with employers.

In order to facilitate the realisation of these aims the national labour programme has unified the plans drawn up on the basis of the national framework plan of May 1996 by the regional labour market authorities (RBAs).

In 1997 the employment offices are to intensify their efforts to improve

the labour market opportunities of the difficult to place. The employment offices plan to draw up and implement an individual placement plan for 92,000 jobseekers, whereby jobseekers from ethnic minorities are to receive special consideration. To this end the labour market authority has presented an "Initiative for Minorities" which, among other things, deals with the successes and failures in placing ethnic minority jobseekers. Placement and further training programmes are to be adapted in the light of this study. In so doing the labour market authority has implemented the agreements reached in December 1996 in the Labour Foundation (*Stichting van de Arbeid*).

Given the particular importance of close cooperation between employers and the labour market authority, the CBA intends to focus its attention on branches. Intensive cooperation between the authority and the branches and sectors is vital if the authority is to achieve its aim of preparing collective negotiations between employer and employee organisations as actively as possible. The labour market authority, which has at its disposal a network of 2,000 employment offices and 60 training centres, intends to cooperate with the social insurance institutions and other service providers on the labour market in order to meet its targets for 1997.

Austria

Special Programme for the Long-Term Unemployed Terminated

The "Special programme for the long-term unemployed" (cf. iMi 55, p. 11), the aim of which was to increase the placement of the long-term unemployed, has been terminated after a six-month pilot phase. The programme had been initiated by the social partners and came into force by way of a directive in February 1996 for an initial period between 1 March

and 31 August 1996. The measure consisted of a grant to the enterprise, which could be claimed without excessive red tape, equal to the total employer contribution to the social insurance institutions (equal to around 20% of gross wage costs). The grant was available for a maximum of one year for the recruitment of the long-term unemployed. Very few conditions were attached to the grant. The person for whom the grant was claimed must:

- have been unemployed for at least 12 months;
- be employed for at least one month;
- be paid at least in line with collectively agreed rates.

Results

Despite the very unbureaucratic approach to grant provision and a massive advertising and media campaign, only 544 grants were given, considerably less than the target. More than half of the grants claimed (288) were concentrated in Vienna, the remainder were distributed throughout the other federal states, varying between seven in Salzburg and 78 in Lower Austria. The programme was not extended beyond the pilot phase.

Reasons

A number of reasons have been made responsible for the failure of the measures. Parallel to the special programme for the long-term unemployed there exists the "Enterprise integration assistance" (*Betriebliche Eingliederungshilfe*) scheme to promote the recruitment of various disadvantaged groups on the labour market. Although the application procedure for the integration assistance is more complicated for the employer, the groups of eligible persons more tightly circumscribed and the level of benefit dependent on the individual in question, an average of around 3,500 difficult-to-place persons have found employment over recent years thanks to this measure. On balance this measure is clearly markedly more attractive to employers given the level of wage-cost subsidy, which can reach up to 100% of overall labour costs.

Special Categories of Workers

The existence of prejudices against the long-term unemployed also prevented wider use of the special programme, and the expectations of the programme were clearly too high. Economists, in particular, have expressed doubts as to whether wage subsidies make sense in phases in which the economy is in recession. To the extent that the recruitment behaviour of firms can be influenced at all by wage subsidies, the programme ought to be initiated in a phase of economic recovery.

United Kingdom

Project Work

The UK Government launched Project Work as a pilot scheme in April 1996. It aims to help the long-term unemployed (those who have been unemployed for two years or more) into work by providing a structured jobsearch programme followed by work experience. The scheme is intended to address the problems of loss of motivation and confidence

that are experienced by many long-term unemployed people. Following encouraging results, the pilots are to be extended nationally from February 1997 to cover 100,000 people with UK Government funding of GBP 100 million.

In the first 13 weeks participants are offered a range of Employment Service programmes, incentives and advice. If still unemployed at the end of that period, participants are required to attend 13 weeks of work experience in the voluntary/charitable sector. During this second period, participants are paid an extra GBP 10 on top of their weekly benefit. Refusal to attend the mandatory work experience may result in loss of benefit.

virtue of an amendment to the labour market service law (§34a AMMSG) – takes account of the factors contributing to the failure of the programme mentioned in the previous article to the extent that the level of the new grant is substantially more attractive than that offered under the “Special programme for the long-term unemployed”.

The new grant has been created to promote the reintegration of recipients of emergency aid (*Notstandshilfe*) by making the resources paid out in emergency aid available to promote integration measures. The grant is available to firms recruiting recipients of emergency aid under collectively agreed working conditions. The grant may not exceed the level of emergency aid last paid and is available for a maximum of 12 months. The Labour Market Service has been commissioned to set the guidelines for the new grant.

Austria

Special Integration Grant

The “special integration grant” (*Besondere Eingliederungsbeihilfe*) – a new grant in force since 1 January 1997 by

Miscellaneous

Germany

Minimum Wage in the Construction Industry also Applies to Foreign Sub-Contracted Workers

As of 1 January 1997, under a collective agreement declared valid for Germany as a whole, all construction employers must pay their workers at

least the minimum hourly wage of DM 17 (west Germany and Berlin) or DM 15.64 (new federal states). On the basis of the law on foreign sub-contracted workers (*Arbeitnehmer-Entsendegesetz*), which came into force on 1 March 1996, this obligation also applies to employers based abroad employing workers on German building sites. The Federal Labour Office and the main customs offices will monitor adherence to this minimum wage by both domestic and foreign workers. Infringements can lead, among other things, to heavy fines.

Spain

The National Minimum Wage for 1997

On 27 December 1996 the government set the national minimum wage applying as of 1 January 1997 to permanent and fixed-term employment relations and to casual workers and domestic staff (Royal Decree no. 2656/1996).

The new figures, which correspond to a 2.6% increase on 1996 were calculated with simultaneous regard to the consumer price index, average annual productivity growth, the increase in wages as a share of national income and the general state of the Spanish economy. Particular attention was paid to the government's aim of bringing down inflation. Wage moderation is necessary if the Spanish economy is to grow during 1997 in order both to meet the convergence criteria and to consolidate the process of economic recovery and to enable jobs to be created. The adjustment of the statutory minimum wage for minors begun in 1996, which will bring the minimum wages of workers aged under and over the age of 18 into line by 1998, was continued with an increase in the minimum wage for minors of 17.7% compared with 1996.

The minimum wages and salaries in agriculture, industry and services were set at ESP 66,630 per month for workers over 18 and ESP 59,130 for employees aged less than 18. Including two annual special payments of 30 day-rates, the annual minimum wage now amounts to ESP 932,820 and 827,820 for workers aged over and under 18, respectively.

Netherlands

"Daily Schedules, Time for Work and Family" Commission Appointed

The normal organisation of the day in our society takes little account of those obliged to reconcile the needs of both work and family. Such a combination requires numerous additional organisational tasks and many women are thus prevented from taking up full-time employment. The "Daily Organisation, Time for Work and Family" Commission, appointed last year by the Minister for Labour and Social Affairs, was therefore entrusted with the task of making proposals as to how the most important problems in this area can be solved. By initiating this Commission the Minister is seeking to bring about a more balanced distribution of working and family time for men and women. The Commission is composed of ten external experts, all of whom have already dealt extensively with such problems.

The inefficient organisation of daily life, with which not only women, but increasingly also men are confronted, is partly due to a lack of coordination between working time, child

care, school holidays, shop and office opening hours, etc. An additional problem is the accessibility of social service facilities and the distance between work and school.

The Commission's task is now to develop ways of enabling women and men to organise their time better between work and family. Creative solutions need to be found to help achieve a better coordination between the time spent in paid employment, school, child care and other forms of care, the opening hours of shops and social institutions.

The Commission is to seek to further the public debate on daily time organisation. The division of the day, in particular the difficulties facing men and women obliged to reconcile the needs of work and family, need to be discussed more intensively by central and local government, political parties and social organisations, so that all sections of society, according to their particular responsibilities, can make a contribution to solving these problems. The ideas and proposals generated should enable a better reconciliation of paid employment and the family. Such solutions must take account of the needs of children of all ages, and the immense organisational burden and time pressure on those seeking to combine work and family are to be reduced.

Greece

Additional Holiday for Employed School-Children and Students

Following a decision by the labour minister, employed school-children and students aged less than 28 obliged to remain absent from work in order to take examinations are entitled to 30 days' additional annual holiday irrespective of their prior length of tenure. This ruling only applies to school-children and students attending public sector educational institutions or those that are supervised by them in some way (including the vocational schools of the labour market authority OAED).

Rough currency conversion rates

One European Currency Unit (ECU) was roughly equivalent to the following amounts of national currencies (10 March 1997):

Belgium	BEF	40.12
Denmark	DKK	7.42
Germany	DM	1.94
Greece	GRD	305.58
Spain	ESP	164.65
Finland	FIM	5.80
France	FRF	6.56
Ireland	IEP	0.73
Italy	ITL	1,928.80
Luxembourg	LFR	40.12
Netherlands	NLG	2.19
Austria	ATS	13.69
Portugal	PTE	195.00
Sweden	SEK	8.69
United Kingdom	GBP	0.71

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Market Share and Market Segment of Employment Services in the EU: Evidence from Labour Force Surveys¹

Hugh Mosley, WZB

1. Introduction

Until recently public employment services (PES) were monopoly providers of placement services in most European countries. Private placement services (PRES), especially commercial agencies, were more or less strictly prohibited. This situation has changed dramatically as most "monopoly" placement service regimes have been liberalised. Recently, Portugal (1989), Denmark (1990), the Netherlands (1991), Sweden (1993), Germany (1994), Finland (1994) and Austria (1994) have fully demonopolised placement services. Private competition was never prohibited in the UK and has been allowed for some time in Ireland (1971) and outside the EU, for example, in Switzerland (1910), the USA (1920) and Australia (1947).² Among EU states only France, Greece, Italy, Luxembourg and Spain³ retain a prohibition of private commercial placement agencies; however, all these countries, with the exception of Italy and Spain, now allow temporary work agencies, which represented the first wave of liberalisation in the former PES monopoly countries.

There are two major issues with respect to these changes. First, the theoretical issue of the rationale for

a PES and the optimal public-private mix; like other former monopoly public agencies, public employment services are in the process of redefining their role in the new institutional setting. Second, the practical question, which also has implications for policy choice, of the impact of liberalisation, especially competition from private agencies (PRES) on employment service regimes. After some introductory remarks, this essay focuses primarily on the second theme.

The PES and market failure

Labour markets are search markets in which jobseekers and vacancies are matched. Due to heterogeneity on both sides of the labour market (qualifications, location, compensation, working-time preferences, personal preferences, etc.), which makes job-matching difficult, search processes entail costs for jobseekers and for employers in time, money or both. Given these problems, intermediaries in job-matching (whether public or private) are in many cases an efficient alternative (Walwei, 1996).

The PES is only one method of jobsearch for individuals or for employers filling vacancies, and there is no reason to think that it is always the most efficient. On the other hand, the existence of public employment services in all OECD countries suggests that there is a problem of market failure in job-matching that justifies public intervention.

Private intermediaries existed prior to the development of public placement services; it was not until the 1880s that general public labour exchanges were established in

many European cities.⁴ Often initiated by private citizens or civic associations, government subsequently became involved by granting subsidies or integrating them into the public service. The rationale for these early placement services was typically that of improved efficiency in the functioning of the labour market, especially greater transparency,⁵ and combating unemployment, which in the course of a prolonged depression had become a distinct political issue for the first time. Trade unions were generally hostile to private intermediaries, who they tended to regard as competitors or as serving the inter-

1 This paper is based on a research project, "Activating the Public Employment Service", conducted at the Social Science Research Center Berlin (WZB) in 1996 with the financial support of the European Commission (DG V) under the MISEP programme. An earlier version of this paper was presented at the Employment Observatory System Conference, Vienna, 24–25 October 1996 in Vienna. Special thanks are due to Christoph Hilbert for invaluable research assistance and to Didier Lesnicki (Eurostat) for data processing.

2 Dates of introduction of private competition are from Walwei's survey carried out for the International Social Security Association (Walwei, 1994).

3 In Spain non-profit organisations have been permitted to offer placement services since 1994.

4 Berlin 1883, Vienna 1885, Amsterdam 1886, Paris and Bern 1887, Brussels 1888, Liège 1889. See Ronald van Bakkum's (1996) important study "Between Supply and Demand. In Search of the Identity of the Employment Service" (published in Dutch).

5 According to van Bakkum, G. de Molinari, the influential advocate of "labour exchanges" in France, saw them primarily as an instrument for creating national markets for labour, reducing regional wage disparities and enhancing growth by channelling workers into sectors with higher value added, ultimately raising wages (van Bakkum, 1996).

ests of employers (van Bekkum, 1996).

The establishment of public employment services on a national scale was an integral part of the development of welfare state institutions, especially unemployment insurance systems. Although the labour exchange movement was strongest in Germany, it was in the UK that a nationwide public placement service was first established in 1910, simultaneously with a national system of unemployment insurance.

While the origins of the PES suggest that market failure was important, especially the failure of competing private organisations to create sufficient market transparency and to adequately serve the unemployed, the rationale for public placement services cannot be viewed in isolation from other labour market roles of the PES: initially benefit administration and pre-

vention of abuse, and subsequently responsibility for active labour market policy measures.

Today, now that PES placement services have been established for more than 50 years (and frequently as monopoly providers), the principal issue is possible government failure rather than market failure. Policy-makers have reacted by liberalising placement services, extending private competition or, in some cases, permitting it for the first time.

The remainder of this paper focuses therefore on the empirical and practical question of PES performance and of the impact of private competition on PES placement services. The following interrelated questions are discussed:

- What is "market share" in placement services and what do we know about PES' market share in EU countries? Is market share important?

- Do private employment services (PRES) displace public employment services (PES), lowering the PES market share? If this is true, the existence and market share of PRES is presumably an important reason for cross-national differences in PES market share.

- Does the PRES cream the labour market, serving primarily the "easy-to-place", i.e. the employed and the skilled, rather than problem groups? Does the clientele of the PRES differ markedly from that of the PES or do they overlap to a large extent?

2. PES market share

Broadly speaking, the PES' core task in placement services is to bring together jobseekers and vacancies in the labour market by providing information on vacancies or by referring jobseekers to particular employers. A well-functioning placement service may contribute

Table 1: Estimates of PES Market Share by Various Definitions in Early 1990s

	Commercial placements since	Employers' PES notification rate (% vacancies)	PES-registered jobseekers (% all jobseekers)	PES placements (% hires)
Austria ³	1994	26.7	-	12.0
Australia ³	1947	25.5	-	16.7
Belgium ³	-	25.3	77.28	16.9
(West)Germany ³	1994	34.5	75.97	24.5
Denmark ⁴	1990	19.0	64.77	10.0
Spain ⁵	-	23.0	86.11	22.0
Finland ⁵	1994	32.0	-	17.0
France ¹	-	28.0	64.76	12.0
Greece ⁵	-	-	10.50	-
Ireland ³	1971	19.6	59.65	9.8
Italy ¹	-	-	74.43	30.0
Japan ⁵	-	51.0	-	14.0
Luxembourg ⁵	-	-	46.74	-
Netherlands ⁵	1991	23.0	67.95	14.0
Norway ⁵	-	76.0	-	18.0
Portugal ⁵	-	-	63.24	-
Sweden ³	1993	36.3	-	24.8
Switzerland ⁵	1910	9.0	-	4.0
United Kingdom ⁵	1850	39.0	-	29.0
USA ²	1920	8.9	-	4.8

Notes: Data refer to: 1 = 1990; 2 = 1991; 3 = 1992; 4 = 1993; 5 = 1994.

Sources: Walwei (1994); OECD (1996); European Labour Force Survey, various years; own calculations.

to economic efficiency by reducing search costs, improving job-matching and reducing the duration of vacancies. This suggests three possible measures of the PES market share in placement services:

- the rate at which employers report external vacancies (i.e. excluding job changes within the firm) to the PES;
- use of the PES as a search channel by jobseekers;
- the percentage of all hires on the external labour market that result from PES mediation.

PES placements as a percentage of all hires is the most frequently used definition of market share.

Estimates of PES market share

Table 1 summarises available estimates of PES market share from several international sources for these three dimensions of the job-matching process. The data on vacancies notified to the PES by employers and on PES placements as a percentage of all hires are, however, in many cases not strictly comparable. The principal problem is that the number of vacancies and the number of hirings in the economy are not known from PES records and must be estimated from other sources. Only a few countries (e.g. the Netherlands and Germany) conduct systematic employer surveys on recruitment practices. Moreover, PES data-collection practices with regard to placements and vacancies notified also differ, sometimes markedly (OECD, 1996).

Despite these qualifications, the data on PES market share are informative. Focusing on PES placements as a percentage of total hirings, there is a broad spectrum of PES impact, ranging from lows of around 5% in the USA and Switzerland to highs of 25% to 30% in (West) Germany, Sweden, Italy and the UK (cf. Table 1). The average "market share" in all hirings for these countries is 16.4%, i.e. ca. 85% of placements take place through other search and recruit-

ment channels. In the EU countries for which data are available this quota is slightly higher (18.5%). This suggests that PES placement activity plays a role in at most about 20% of total hirings.

In all countries for which data is available, use of the PES as a jobsearch channel by jobseekers (% PES-registered) is significantly higher than the percentage of jobs notified to the PES or its estimated market share in placements. The PES registers a very large share of jobseekers, but only about 1/4 to 1/3 of openings are notified to it by employers, which is indicative of the structural imbalance in job-matching that confronts the PES in slack labour markets.

Is market share important?

Although market share is widely used as an indicator of the effectiveness of the PES, the appropriateness of this definition of the goals of PES activities has been questioned. For example, de Koning (1997) argues that the PES should focus its resources on the long-term unemployed and other problem groups and that it would be wrong to aim for "market share" by achieving easy placements for workers with a strong labour force attachment. This argument is based on the high deadweight effects of the PES serving jobseekers whose employment prospects are favourable in any case. From this point of view it is preferable to target at least all more cost-intensive activities of the PES on problem groups, because striving for market share will lead to "creaming", i.e. giving preference to the easy to place.

One possible way out of this dilemma is for the PES to strive for a large market share in reported vacancies rather than placements. Without a large pool of vacancies and good contacts to employers it is difficult to place problem groups. Based on a high level of reported vacancies, an open file system in which people can look for jobs on their own could be made available

to all jobseekers, most of whom find a job on their own, and intensive PES services could be concentrated on problem groups that need them. Such an approach might enable the PES to target its resources more efficiently without sacrificing market orientation.

Job-matching is, of course, only one type of PES activity and focusing on this function alone may underestimate the actual impact of the PES. The impact of PES activities on the search intensity of the unemployed may be even more important. PES activities may also have a significant impact on employment by increasing labour force participation and other positive effects on labour supply that have a moderating impact on wages (Layard et al., 1991).

Liberalisation of placement services and PES market share

In order to assess the impact of liberalisation on PES market share we require ideally comparable cross-national data on PES and PRES market shares. Unfortunately, as discussed above, available estimates of PES market share from administrative data are unsatisfactory and no systematic data are available on the PRES. It is, nevertheless, evident from the estimates reported in Table 1 that the PES market share is exceptionally low in countries with a tradition of commercial placement (e.g. USA, Switzerland). This, however, is not always the case. Thus the UK has, despite its liberal tradition in placement services, a PES market share that is significantly above that in many "monopoly" countries. Conversely, PES monopoly status does not always mean a high market share (e.g. Austria, France). Many other factors, including the quality of the services offered by the PES, play an important role (Mosley, 1996; Buttler & Walwei, 1995).

In the following two sections we examine indirect evidence on PES and PRES market share and market segment from the European Labour

Force Survey (ELFS).⁶ Since 1992 a question has been included on the "main method of jobsearch" used by jobseekers, including public and private agencies.⁷

This information on the search channels used by jobseekers is, of course, no substitute for reliable data on market share in hirings, but it does provide important insights into one dimension of the role of the PES and PRES in job-matching and into the inter-relationship between them in European employment service regulatory regimes. Moreover, it provides direct information on the characteristics of their respective clientele.

In the following discussion (Section 3) ELFS data on individual search channels are reported and analysed from two somewhat different perspectives. In this section the focus is on the market share of the PES (or PRES) in individual jobsearch, i.e. the percentage of respondents that reports use of PES or PRES as a search channel within the past four weeks, among all jobseekers and different labour market seg-

ments. In Section 4 data are reported on the structure of the clientele of jobseekers using the PES or PRES by different personal and labour market characteristics. The ELFS survey question on the PRES does not distinguish between different types of private employment services; so the results reported include commercial employment services, temporary work agencies or non-profit labour market intermediaries.

3. PES and PRES "market share" among individual search channels

The percentage of jobseekers reporting that the PES was their main search method varies considerably among EU countries. The general pattern, which is consistent across all labour market segments, shows Germany, France and Spain with an exceptionally high reported use of the PES of between 75% and 90% (cf. Figure 1). Of the remaining EU countries Belgium, Denmark, Italy, Luxembourg and the Netherlands show values between 30% and 50%

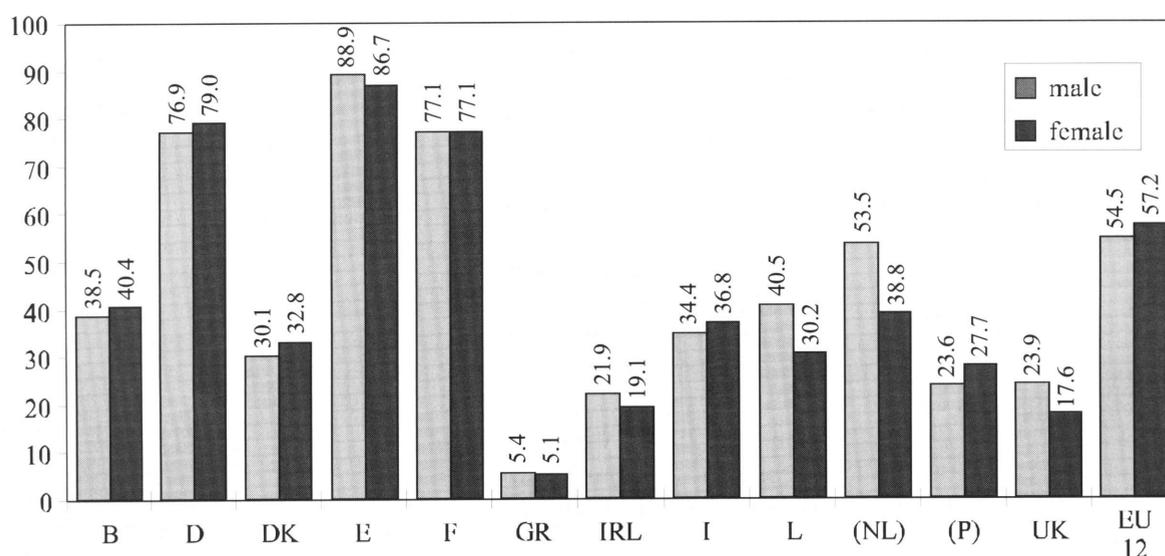
for PES as the main search method, followed by Portugal, Ireland and the UK with 20% to 30% and Greece, which shows an exceptionally low reported rate of around 5%, which is probably a reflection of the high rate of self-employment in the Greek economy (ca. 50%). Because the data for all jobseekers in the Netherlands and Portugal do not include the employed, PES use is overestimated by ca. 10% to 15%.

These very high rates in France, Germany and Spain seriously overstate actual use of the PES for technical reasons, although the PES clearly does play an important role in individual jobsearch in these countries (cf. Table 1). In the 1992-94 ELFS data an undocumented coding convention leads to classification of all registered unemployed

6 The ELFS is a household survey in which about 600,000 households in the EU are surveyed on the basis of standardised questions.

7 From 1983 to 1991 a somewhat different question was included on "main method other than being registered" at the PES.

Figure 1: PES Main Search Method, All Jobseekers, 1992-94 (in %)



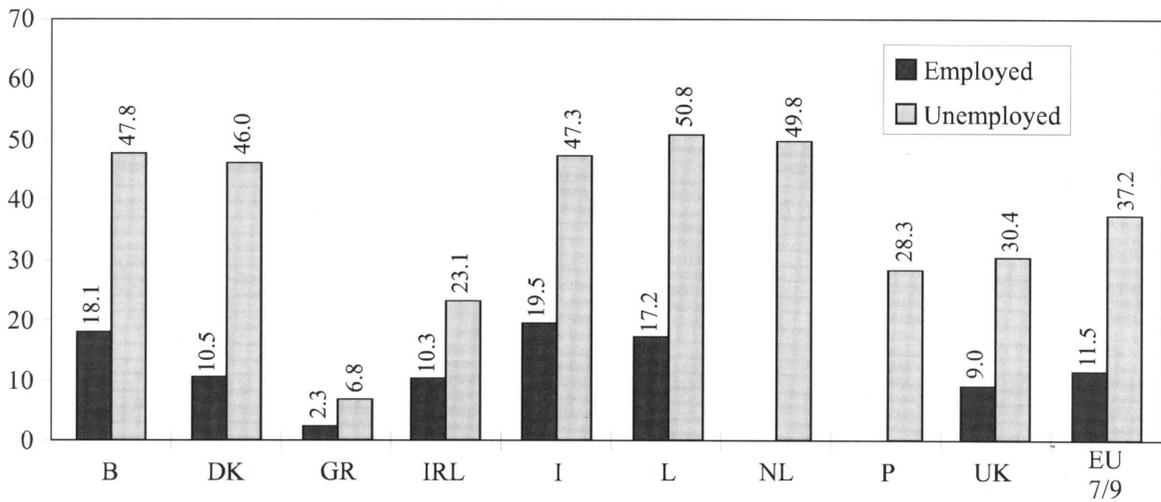
Notes:

Only persons with at least one search method are included.

Data for the Netherlands and Portugal for unemployed and inactive only.

Sources: European Labour Force Survey 1992-94; own calculations.

Figure 2: PES Main Search Method, Employed and Unemployed Jobseekers, 1992-94 (in %)



Notes:

Only persons with at least one active search method are included.

No data for the Netherlands and Portugal on search method of employed.

Sources: European Labour Force Survey 1992-94; own calculations.

persons in these countries as using the PES as their main search method. Apparently, these countries have not yet implemented the revised European Labour Force Survey question on jobsearch method introduced in 1992. For this reason Germany, France and Spain are excluded from the following analysis of PES as the main search method for the 1992-94 period.⁸

Labour market segments

Unemployed persons are, depending on the country, two to four times more likely to use the PES as the main search method than are employed persons (cf. Figure 2). This probably reflects the fact that the employed are "insiders" for whom other informal search channels are more readily available through work contacts. Moreover, the unemployed are likely to come into contact with the PES in any case through receipt of unemployment benefits and related jobsearch requirements. These marked differences in PES uptake by employment status suggests that national differences in the level of unemployment and in benefit coverage may be im-

portant explanations for the reported national differences in use of the PES as the main search method.

Gender differences in the use of the PES as "main search method" are by contrast relatively small and inconsistent across countries, except in Luxembourg, the Netherlands and the UK, where men are considerably more likely to use the PES than women (cf. Figure 1).

Data not reported here also show a clear pattern of higher use of the PES among workers in industry, especially in construction and mining & manufacturing.⁹ Belgium and the Netherlands, where the PES is relatively important in business services, are noteworthy exceptions.

Public (PES) and private (PRES) placement services

The Eurostat data provide some insight into the importance of private employment services (PRES) as a search channel in EU countries. The percentage of respondents reporting contacting PRES as the "main search method" is highest in Belgium (ca. 5%), followed by the UK (ca. 3%) and Luxembourg (ca. 2%). PRES is of major importance

in the Netherlands, too (ca. 6 to 7%), although the data are not strictly comparable.¹⁰ Although underestimated due to the coding convention mentioned above, the percentage of jobseekers using PRES is relatively high in Germany (ca. 5%) and France (3%).¹¹ In all other countries PRES is used as the "main search method" by an insignificant number of jobseekers (< 1%).

Although reported PRES use is as a rule higher among the employed, there is significant use by the unemployed, too. In Belgium the data show that use is clearly significantly higher among the unemployed

8 A major shortcoming of the European Labour Force Survey is that there is no systematic documentation or control of the implementation of the common survey instrument by national authorities.

9 The data include only jobseekers who are or have been employed.

10 They are based only on the responses of unemployed and inactive jobseekers.

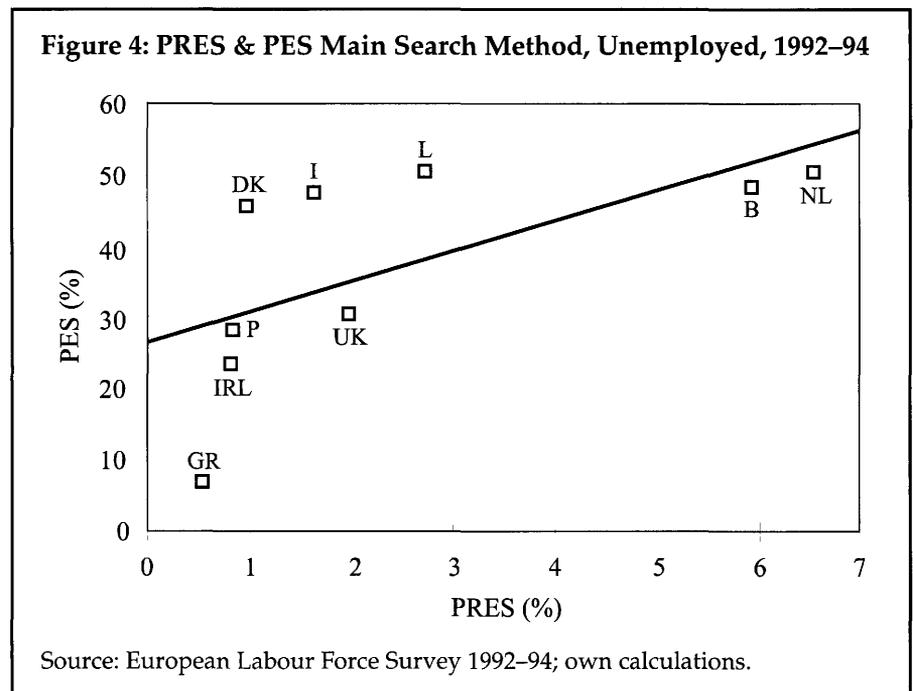
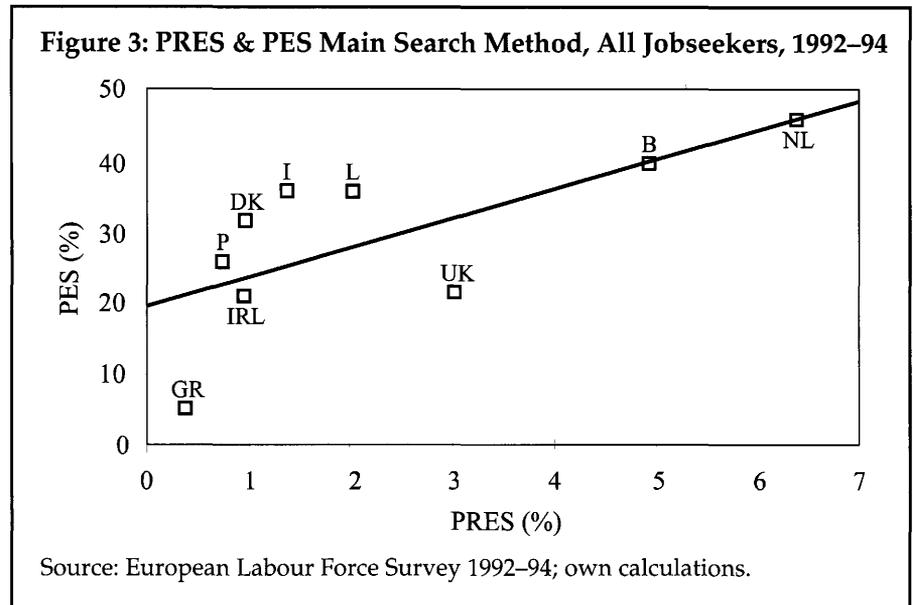
11 This is also confirmed by examination of reported PRES use by jobseekers in France and Germany in 1989-91 data, which are unaffected by the technical problem noted (see Mosley, 1996).

(5.9%) than the employed (3.2%). The reported rate of use among the unemployed is also high in the Netherlands (6.5%), where there are no data on search methods for the employed. Although the ELFS data do not distinguish between different types of private placement services, the relatively high percentage of PRES users in what were at the time "monopoly" countries (Belgium, France and Germany) is probably indicative of the importance of temporary work agencies in these labour markets. Contrary to the frequent assumption that PRES serve primarily employed jobseekers, these agencies (as well as non-profit and voluntary placement services) are apparently important search channels for the unemployed.

Figures 3 and 4 compare the percentage of those who indicated that the PES (or PRES) was the "main search method". There is no evidence for a trade-off between use of PES and PRES as the main search method, i.e. that uptake of PRES displaces PES. Indeed, use of the PES is positively related to use of PRES; the three countries with the highest percentage of PRES users also have a high rate of use of the PES in jobsearch.

Moreover, the reported rate of use of the PRES as the "main search method" is very low in most countries so that it could hardly be a major explanation for national differences in PES market share, except in Belgium and the Netherlands.

The principal reason for the lack of a trade-off is, however, that, even where PRES is restricted or not permitted, "other" search channels (advertisements, direct contact with employers, friends and acquaintances, through other employees, etc.) are available to both jobseekers and employers. They, and not the PRES, are the major alternative to the PES. In all countries most placements take place without any mediation by public or private intermediaries. For this reason even a prohibition of private placement serv-



ices is not sufficient to secure a dominant position for the PES in search processes on the labour market. Its attractiveness as determined by the quality and range of services will be of decisive importance in determining its market share. The importance of competition with PRES as a determinant of PES market share appears to be greatly exaggerated in policy debates about placement services.

4. PES and PRES clientele

A key question regarding the relationship between the PES and PRES pertains to the clientele they serve. Do the PRES largely "cream" the labour market, serving a clientele with markedly better labour market prospects, or do they largely serve the same clientele as the PES? The ELFS data can be used to analyse a number of relevant characteristics of the clientele served by the PES and PRES, such as gender, labour market status, duration of job-

search, occupation, industry, age, and type of employment sought (full/part-time).

In the following discussion we focus our comparative analysis on the structure of the PRES clientele in comparison with that of all jobseekers, as reported in the pooled 1989–91 data.¹² The indices show the selectivity of the PRES (i.e., likelihood of using the PRES). The percentage share of the PRES clientele belonging to a given group is compared with that group's percentage share among all jobseekers. Thus, a score of 1 indicates that the group is proportionately represented among PRES users, while a higher score indicates overrepresentation and a lower index value underrepresentation.

Labour market status and gender

In Europe as a whole the inactive (1.13) and the unemployed (1.06) are somewhat over-represented, while employed jobseekers (0.87) are under-represented among the PRES clientele in comparison with all jobseekers (cf. Table 2). In fact the employed are under-represented among the clientele of reported PRES users in all 11 EU Member

States for which data are available. This somewhat surprising result can be interpreted to mean that employed persons make less use of placement services, both public and private, because they are more likely to use other search channels, especially informal ones.

A further breakdown by gender shows no consistent pattern, although there is a significant overrepresentation of the employed among PRES users only among females in Spain and males in Italy. By contrast, use of the PRES is consistently more intensive among the unemployed, both male and female.

Occupational categories (ISCO)

Comparison of PRES users by occupational groups (ISCO) with all jobseekers shows different national patterns about which it is difficult to generalise. In Belgium both professional and technical employees as well as jobseekers with elementary occupations are over-represented; in Germany skilled blue-collar workers and elementary occupations; in Denmark sales and service employees as well as skilled blue collar workers and elementary occupations; in Spain all categories of

office workers, in France semi-skilled and unskilled blue-collar workers and elementary occupations; and in the UK skilled blue-collar workers and elementary occupations (cf. Table 3).

The PRES clientele is very heterogeneous and includes jobseekers with a broad range of skills; the most striking result is the overrepresentation of elementary occupations in all countries for which data are available, except Spain. The PRES clientele defined in terms of the occupation of reported users of this search method is not highly selective in comparison with all jobseekers.

Other characteristics

The age composition of users of the PRES in the EU as a whole shows a slight bias toward young workers – 16–25 years of age (1.04) – and toward workers over fifty years of age (1.07). There are, however, very dis-

¹² We use the earlier data series because of the problems discussed above regarding the data for Germany, France and Spain. Moreover, the earlier series has the advantage of defining PRES use less restrictively ("users" rather than "main search method").

Table 2: Index Use of PRES by Working Status and Gender, 1989–91

	Employed		Unemployed		Inactive	
	male	female	male	female	male	female
Belgium	0.65	0.82	1.04	1.07	1.76	0.99
Germany	1.00	0.96	1.07	1.01	0.82	0.90
Denmark	–	–	1.21	1.65	1.16	1.89
Spain	–	–	0.91	1.06	0.00	2.37
France	0.80	0.69	1.46	0.87	0.89	0.46
Greece	–	–	–	–	–	–
Ireland	0.87	0.74	1.15	0.99	–	–
Italy	1.10	0.69	1.08	1.00	–	–
Luxembourg	–	–	–	–	–	–
Netherlands	–	–	1.16	0.94	0.84	0.66
Portugal	–	–	–	–	–	–
United Kingdom	0.59	0.59	1.51	1.10	1.10	0.71

Notes:
 The index of use is computed simply by dividing the proportion of the clientele of private employment services (PRES) in a given group by that group's share among all jobseekers; a value of 1 indicates that the share of PRES users in a category is identical with its share among all the jobseekers.
 Dash (–) indicates values that are statistically unreliable (too few cases).
 Sources: European Labour Force Survey; own calculations.

Table 3: Index Use of Private Employment Services by ISCO, 1989–91

	B	D	DK	E	F	GR	UK	EU 7
Senior officials and managers	0.75	0.91	–	1.55	0.16	–	0.41	0.96
Professionals	–	1.02	–	–	–	–	0.74	0.71
Technicians and associate professions	1.26	0.87	0.81	–	–	–	0.91	1.33
Clerks	0.86	0.94	0.44	–	0.38	–	0.89	1.17
Service workers and shop and market sales workers	0.95	1.03	1.22	2.45	0.50	–	0.97	1.00
Skilled agricultural workers	–	1.43	1.13	–	0.66	–	1.21	0.98
Craft and related trade workers	0.91	1.16	1.19	–	0.92	–	1.05	0.51
Plant and machine operators, assemblers	0.96	0.99	0.75	–	1.36	–	0.85	1.08
Elementary occupations	1.34	1.10	1.14	1.03	1.28	–	1.09	1.18
Not stated	–	1.13	–	–	1.28	–	0.61	1.19
Total	1.00	1.00	1.00	1.00	1.00	–	1.00	1.00

Notes:

1. ISCO = International Standard Classification of Occupations.
2. The index of use is computed simply by dividing the proportion of the clientele of private employment services (PRES) in an ISCO group by that ISCO group's share among all jobseekers; a value of 1 indicates that the share of PRES users in an ISCO group is identical with its share among all the jobseekers.
3. No data available for the Netherlands, Portugal, Ireland, Italy and Luxembourg.
4. Values written in italics are statistically somewhat unreliable.
5. Values indicated with a dash (–) are statistically unreliable.

Source: European Labour Force Survey; own calculations.

tinctive national patterns. In the Netherlands (1.47), France (1.28), the UK (1.24) and Belgium (1.17) there is a strong over-representation of youth among users of this search channel: jobsearch through the PRES is apparently an important avenue of labour market entry in these countries. In Denmark (1.86), Greece (1.66) and Italy (1.31) older workers are strongly over-represented among users of this search channel.

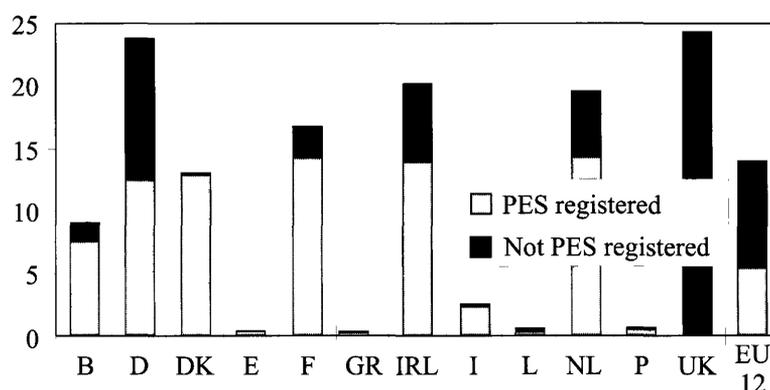
The sectoral pattern of use in the EU as a whole shows a slight bias toward persons with previous work experience in industry (1.12), although national patterns diverge sometimes markedly. While in Denmark, France, Luxembourg, Portugal, Greece and the Netherlands there is a moderate to strong overrepresentation of workers from the industrial sector, Spain shows a very strong concentration of the PRES clientele in the service sector.

PRES is thus clearly important for the unemployed, youth and

other job entrants in many countries. This indicates a considerable overlap with the clientele of the PES and is markedly at odds with simple stereotypes about PRES users. Although the ELFS data do not

distinguish between different types of PRES agencies, it is safe to assume that the clientele of temporary work agencies are numerically by far the largest group in each country and hence the principal

Figure 5: PRES Users by PES Registration Status, All Jobseekers, 1989–91 (in %)



Notes:

Ordinate: Percentage of all jobseekers.
 For the Netherlands data do not include the employed; for Italy and Luxembourg not the inactive. No data for the United Kingdom on registration status.
 Source: European Labour Force Survey 1989–91.

determinant of these PRES patterns.

Overlap in PES/PRES clientele

Individual jobseekers (as well as employers) use multiple search channels. This means that in practice the PRES – like other search channels – is frequently used in addition and not as an alternative to the PES.

Pooled ELFS results for 1989–91 show that there is indeed a high degree of overlap between PES and PRES clientele; most PRES jobseekers are also registered with the PES (cf. Figure 5, p. 33).¹³ The reported percentage is highest in Denmark, where almost all PRES users are also registered with the PES, and lowest in Germany, where only about 50% of PRES users are also registered with the PES. An even higher percentage of unemployed PRES users are also PES-registered. While institutional cooperation between PRES and PES appears to be very limited (Walwei, 1996), jobseekers clearly combine both types of search channels.

5. Conclusions

The market share of PES placements in all hires averages around 16% in OECD countries, although the data need to be interpreted with caution. A higher percentage of vacancies is notified to the PES by employers. The PES is most important as a search channel for individual jobseekers, especially the unemployed.

The relatively low market share of the PES is primarily a result of the fact that labour market intermediaries of any sort play only a limited role in search processes on the labour market. In every country most jobseekers find jobs and employers fill vacancies through newspaper advertisements, direct application to employers, colleagues, professional organisations, friends and other informal channels. The scope for PES intervention in search processes on the labour market is thus

limited. Moreover, market share alone is not an appropriate PES goal. The real impact of PES activities will not be enhanced by substituting (costly) PES services for informal search processes that are equally or more efficient.

Rather than maximising its share of placements, the PES should primarily strive to improve the efficiency of the labour market itself by promoting greater transparency (e.g. information services) and providing jobsearch assistance, especially to the unemployed. The impact of the PES on the outcome of labour market search processes will be greatest if it can concentrate resource-intensive active measures on problem groups, without stigmatising its clients.

A variety of factors affect PES market share, and whether private competition is permitted seems not to be a major explanation for national differences. Available international data show that monopoly regimes do not guarantee a high PES market share, nor is there evidence for a trade-off between use of the PRES and PES in individual jobsearch behaviour.

This is not surprising since labour market intermediaries of any sort (PES and PRES) play only a subordinate role. Expansion of the PRES need not be at the expense of the PES. Moreover, private agencies still account for a relatively small share of the placement market in almost all countries. Finally, since individuals (and employers) frequently use multiple search methods, PES and PRES are not mutually exclusive. The market share of the PES depends primarily on the quality of the services it provides and its own market strategy rather than on the existence of private competition.

The hypothesis that the PRES and PES are competitive because PRES creams the labour market, primarily serving the employed and higher qualified jobseekers, is not supported by the labour force survey data analysed. PRES users

among jobseekers (and presumably beneficiaries of PRES services) are very heterogeneous and differ only in degree from the PES clientele. This is because private employment services are themselves very diverse and because temporary work agencies, which serve a very diverse clientele, are the largest PRES component in most countries, rather than highly specialised management and professional recruitment agencies, which serve a very small labour market segment. The existing overlap in clientele suggests that there is a significant potential for cooperation between public and private labour market intermediaries. Moreover, experience in some countries (e.g. the Netherlands) shows that private agencies can be successfully used to deliver placement services even to problem groups.

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¹³ The pre-1992 data series is used here to avoid the coding problems for Germany, France, and Spain noted above.

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European Employment Observatory

The aim of the European Employment Observatory is to promote the multilateral exchange of information on labour markets and labour market policies between EU Member States and to produce and disseminate quality analyses and research on relevant issues for employment and labour market policy.

The European employment strategy adopted by the European Council in Essen in December 1994 imposed new demands on the Observatory. In particular, it is expected to contribute effectively to the task of monitoring the progress of labour market reforms that are in line with the common strategic goals.

Following the changes introduced in 1996 to cope with these new challenges and tasks, the Observatory now consists of two networks – MISEP (Mutual Information System on Employment Policies) and SYSDEM (System of Documentation, Evaluation and Monitoring of Employment Policies) – and a new RESEARCH advisory group.

The main products of the networks, which consist of members of the national labour market administrations (MISEP) and independent researchers (SYSDEM, RESEARCH) and are administered by a common secretariat, are the following:

inforMISEP Policies

This series reports four times a year on recent labour market policy developments in Member States. Following a summary drawing on the five recommendations for an integrated European employment strategy, the main section of "Policies" consists of the national reports supplied by the correspondents. Since 1993 "Policies" has also included a longer article ("Focus"), which is the responsibility of the Secretariat; "Focus" discusses a labour market or employment policy-related topic and often extends to non-Member States.

Basic Information Reports

These are comprehensive national reports on all EU member countries. They are updated every two years and report on public labour market institutions (ministries and employment services), the statutory bases for labour, labour market and employment policies and, in particular, "active" and "passive" labour market policy measures; details on information and research institutions dealing with employment policy are also provided.

Tableau de bord

The "Tableau de bord" is a synoptic overview of the labour market and employment policy measures implemented by the Member States, classified according to the five policy areas recommended at Essen.

Trends

This main product of the SYSDEM network appears twice a year and provides a comparative and in-depth overview of selected policies and developments in the labour markets of the Member States.

RESEARCH report

The RESEARCH network publishes annually a study of a selected labour market or employment policy topic.

Electronic Documentation System

Large parts of the information contained in the publications are also available on CD-ROM, the ERSEP (Electronic Retrieval System on Employment Policies) database, and are accessible via Internet (address: <http://www.ias-berlin.de>).