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Rouault, Sophie (Ed.); Oschmiansky, Heidi (Ed.); Schömann, Isabelle (Ed.)

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Reacting in time to qualification needs: Towards a cooperative implementation?

Sophie Rouault, Heidi Oschmiansky, Isabelle Schömann (Hg)

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E-mail: rouault@wz-berlin.de
hosch@wz-berlin.de
isa@wz-berlin.de

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Labour Market Policy and
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Wissenschaftszentrum Berlin für Sozialforschung
Reichpietschufer 50
D-10785 Berlin
e-mail: wzb@wz-berlin.de
Internet: http://www.wz-berlin.de

Abstract

Upgrading the qualification level of the workforce has become a central issue among the governments of the European Union : in the race towards global economic competitiveness, human capital development should play a key role. Taking this statement as point of departure, the contributions gathered here explore how the qualification needs of firms and workers - once identified - are answered.

The common focus lies in analysing the co-ordination schemes established among labour market actors the national, regional and supranational levels to implement and institutionalize new labour market arrangements for a more effective qualification matching.

These contributions were made to an international workshop organised by the Wissenschaftszentrum Berlin für Sozialforschung on the 27-28th September 2001, in the framework of a research network for the early recognition of qualification needs - FreQueNz - launched by the German Federal Ministry for Training and Research (BMBF) in 1999.

Zusammenfassung

Die Erhöhung des Qualifikationsniveaus der Arbeitskräfte ist ein zentrales Anliegen der Regierungen der Europäischen Union: im globalen ökonomischen Wettbewerb spielt die Entwicklung des Humankapitals eine zentrale Rolle.

Diesem Ausgangspunkt entsprechend untersuchen die Beiträge des Bandes, wie der identifizierte Qualifizierungsbedarf von Unternehmen und Beschäftigten gedeckt werden kann. Der gemeinsame Fokus besteht in der Analyse der Koordinierungsmustern der Akteuren der nationalen, regionalen und supranationalen Ebene für die Implementation und Institutionalisierung neuer Arbeitsmarktarrangements, um ein effektiveres Qualifizierungs-Matching zu gewährleisten.

Die Beiträge basieren auf Vorträgen für einen internationalen Workshops des Wissenschaftszentrums Berlin am 27. und 28. September 2001. Der Workshop wurde organisiert im Rahmen des Forschungsnetzwerkes für die Früherkennung von Qualifizierungsbedarf - FreQueNz - 1999 initiiert und gefördert vom Bundesministerium für Bildung und Forschung (BMBF).

List of contributors:

Dr. Lizzi Feiler
ÖSB-Unternehmensberatung GmbH
Meldemannstrasse 12-14
A-1200 Wien
lizzi.feiler@eunet.at
l.feiler@oesb.at

Dr. Harm van Lieshout
Hugo Sinzheimer Institut Faculty of Law
University of Amsterdam
Rokin 84,
1012 KX, Amsterdam
lieshout@jur.uva.nl

Dr Bengt Lorendahl
Associate Professor
University of Södertörn
Södertörns högskola
Campus Telge
S-151 81 Södertälje
bengt.lorendahl@sh.se

Prof. Philippe Méhaut
CEREQ
10, place de la Joliette
BP 21321
F-13567 Marseille, Cedex 02
mehaut@cereq.fr

Dr. Jouko Nätti
University of Jyväskylä
Dept. of social sciences and philosophy
P.O. Box 35, FIN-40351 Jyväskylä,
natti@dodo.jyu.fi

Heidi Oschmiansky, Dipl. Pol.
WZB
Reichpietschufer 50;
D-10785 Berlin,
hosch@medea.wz-berlin.de

Dr. Ralf Rogowski
School of Law
University of Warwick
UK-Coventry CV4 7AL
ralf@themis.law.warwick.ac.uk

Sophie Rouault, MPhil
WZB
Reichpietschufer 50
D-10785 Berlin
rouault@wz-berlin.de

Isabelle Schömann, D.E.A..
WZB
Reichpietschufer 50
D-10785 Berlin
isa@wz-berlin.de

Prof. John Houman Sørensen
CARMA, Danish Center for Labour Market Research
Department of Economics, Politics and Administration
University of Aalborg
Fibigerstræde 1
houman@socsci.auc.dk

Martijn van Velzen
Hugo Sinzheimer Institut Faculty of Law
University of Amsterdam
Rokin 84,
1012 KX, Amsterdam
velzen@jur.uva.nl

Dr. Claudia Weinkopf
Institut Arbeit und Technik
Wissenschaftszentrum NRW
Munscheidstr.14
D - 45886 Gelsenkirchen
e-mail: weinkopf@iatge.de
http://iat-info.iatge.de

Dr. Ton Wilthagen
Hugo Sinzheimer Institute University of Amsterdam
Rokin 84,
1012 KX, Amsterdam
wilthagen@jur.uva.nl

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Qualification needs and multi-level coordination

Introducing our research question

Sophie Rouault

New sectors of the economy are booming (service industry, IT sector, etc.) that require a trained (wo)manpower; some sectors are struck (construction, teaching) or will be struck in the coming years (public research, hospitals) by severe skill shortages. At the same time, new employment forms are developing (part-time jobs, fixed-term contracts, etc.) that can hamper the career and training opportunities of employed persons. To adapt rapidly to these parallel trends, the actors of labour markets – be they public, societal or private - are often described as "condemned" to share their expertise and to coordinate their strategies, so as to reduce the costs induced by urgent changes in their human capital and training policies. The mobilisation of transorganisational networks (in the form of "regional alliances", "skill roundtables", etc.) is often advocated as the adequate device to organise a more responsive implementation of employment and training policies in a rapidly changing economic environment; but is this informal form of coordination either sufficient or efficient?

1. Tackling the research issue in a comparative perspective

We organised an international workshop to analyse in a comparative perspective some institutional devices aimed at implementing labour market policies more responsive to the rapidly changing qualification needs of people and firms. Some of these policy arrangements are indeed rather informal and aimed at gathering usually scattered policy resources (knowledge and monies) to tackle a common policy issue but most them are of a more hierarchical nature or contractually organised. All of them have nevertheless in common to gather both private or corporate actors, public authorities and societal actors (associations, unions) and involve these actors in complex coordination games stretching from the local to the supranational playfields. We explored the way those institutional arrangements were organised in several OECD countries, their policy objectives, so as strategies and achievements in answering identified qualification needs. Our initial research question was twofold: is it possible to categorise those new types of policymaking partnership between public, economic and societal actors, that are intermeshing at the local, regional, national and supranational levels? Do those coordination devices manage to impulse new

regulations of training policies and labour markets or only experimental solutions of a limited duration in answering identified skill needs? But let us first recall the theoretical issues at stake in discussing qualification needs through the lens of implementation research.

2. Disentangling a complex and normative debate on policy coordination: a preliminary

A both political and scientific debate is going on since the early 1990s in international and national circles on the need for more coordination among labour market actors, as a prerequisite on the way towards competitive (regional) economies. Recalling these rather normative and prescriptive analyses can help disentangle a rather complex policy debate, which is not without consequences on the theoretical and conceptual toolbox of labour market policy analysis.

2.1 Labour market policies under (renewed) pressure

“Public-private partnership” has become in the last twenty years a catch-all word for the students of labour markets policies (Lowndes and Skelcher 1998): public-private partnerships were presented by labour market actors and analysts as a remedy against sub-efficient policy coordination. The topic appeared first in the struggle against massive unemployment; it was then used as key argument in the race of regional economies towards global competitiveness. This turning point in the significance of employment (and training) policies can be traced back for instance to the publication of the European Commission’s *White Book on Growth and Competitiveness*. If training policies were earlier rather sectoralized policies - formulated, negotiated and implemented in a relatively insulated sector of the political and administrative exchanges (Muller and Jobert 1987), they became ‘trans-sectoral’ policies as they were progressively subordinated to new macro-economic goals (Peters 1998). Among the political priorities of training policymakers, economic competitiveness took progressively precedence over social promotion - education and training moving at the same time from the ministerial portfolio of ‘social policies’ to the economic portfolio. This decisive ‘cross-cutting’ process, which occurred with time discrepancies in almost all OECD countries, gave way to a new focus on policy coordination, which became a crucial element in a larger political discourse on the art of government in post-industrial societies (Rhodes 1998).

2.2 The governance narrative: giving sense to the “adhocracy”?

The high interdependence between economic and social policymaking is reflected in the widespread discursive motive which underlines that economic competitiveness is

ever more based on investments in human capital. As a consequence, the boundaries between state organisations, the private and the voluntary sectors are shifting, because of a 'need to exchange resources and negotiate shared purpose' (Rhodes 1998) on the one hand and because of a stronger decentralisation of policy formulation and implementation on the other hand. Policy networks or informal forms of coordination are therefore understood as a crucial device to manage interdependence (Mayntz and Marin 1991). But beyond this organisational rationale, policy coordination is also part of a symbolical discourse on participative democracy, where policy networks are used to elaborate norms that governments are no more able or willing to impose from 'above' (Lallement 1999). Those are two central elements of the 'governance narrative', which defines a set of current governmental discourses on policymaking having for a function 'to certify and stabilise the assumptions needed for decisionmaking in the face of what is genuinely uncertain and complex' (Radaelli 1999). Such an historical and normative oriented analysis of policy coordination has for an advantage to explain partly why current studies often underestimate the resiliance of hierarchical and contractual regulations in employment policymaking, as the empirical contributions of our workshop have highlighted it.

3. Answering qualification needs through multi-level governance: provisory conclusions

Having set and "disagregated" our research question, I will try here to give the first results of our international exchanges, concentrating on the results with a generalisation potential – as far as sectoral and thematic results are summarized in the next chapter.

3.1 The respective virtues of hierarchical and informal regulation forms

As many of the workshop contributions showed it, hierarchical forms of regulation indeed still play a vital role in policy coordination aimed at answering qualification needs in the OECD countries. If network forms of coordination can play a crucial role in identifying and analysing skill needs and / or in persuading labour market actors to use or disseminate specific labour market instruments (such as Jobrotation or jobpools) to answer those, hierarchical forms of coordination (through lawmaking, collective agreements, conventions, administrative procedures of control, etc.) seem to guarantee more durable and predictable answers in implementing policies aimed at a proactive qualification matching. Hierarchical coordination offers a more stabilized framework of incentives for actors on both the supply and the demand sides of the labour market (in the form of new regulations, adapted social entitlements and training opportunities): it enables a ready collective mobilisation in

tackling qualification needs but only once secured incentives have been settled down.

3.2 Managing decentralised implementation in a multi-level policy context

The contributions to the workshop also highlighted that an accurate diagnosis of skill needs and an effective implementation of policy solutions require a complex coordination game between different levels of collective organisation – firm level, local community level, regional economy level, branch level, national policymaking level, EU coordination and regulation level. In a complex iteration process between those multiple levels of collective action, two elements are worth underlining.

In the “diagnosis phase” of qualification needs, informal mobilisation at the local level through policy networks can be a starting point to *name* the policy problem, but the gathering of systematic information to give it a weight (cf. potential for replacements or for multiple jobholding) often requires to recourse to national or regional statistical apparatuses, managed directly or not by administrative authorities, giving way to more formal coordination devices between central and decentralized units.

In the formulation and implementation of policy solutions to answer identified skill needs, network regulation can give way to labour market arrangements of piecemeal nature, limited in space and time; this is usually overcome or avoided through the enactment of binding regulations at the branch, national or supranational level or through regulation threats and control ‘from above’. But informal coordination at the local level is nevertheless once more necessary to increase the acceptance and therefore the effectiveness of the solutions ‘proposed’ to local labour market actors.

3.3 A ‘visible hand’ at play in all effective qualification matching processes

In both phases of skill need diagnosis and implementation of specific labour market arrangements, significant is moreover the mediation process at work between all levels and forms of labour market coordination. To put it another way: to reach an effective qualification matching, a “visible hand” (a coordinator) has to exert its influence to forge a consensus between all the interests in interaction. Such a mediating role is taken on either by a ‘personality’ (political representative / union representative / entrepreneur) or by a professional agency (consultant, association). It is noticeable that labour market mediation is becoming more and more a service sold on a market (i.e. competitive) and that a relatively new category of professions is emerging, which would deserve more empirical inquiry.

Having underlined the theoretical background, the research questions and leading hypotheses of our workshop, the next chapter will summarize its empirical inquiries and findings.

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Three research fields and a summary of results

Heidi Oschmiansky, Sophie Rouault, Isabelle Schömann*

Three research fields were chosen to analyse the institutional coordination schemes implemented in the OECD countries to adapt to rapidly changing qualification needs. Those fields are composing the "Implementation Part" of a larger WZB research project on the early recognition of qualification needs in the OECD, supported by the German federal Ministry for Training and Research (http://www.frequenz.net). This project is twofold: it is concentrating on the one hand on the methodology of skill forecasting in the OECD countries and their results, while it adopts on the other hand an actor-centered approach to explore how foreseen skill needs or skill shortages are dealt with by private and public policymakers.

As the workshop was organised in three thematic modules, we chose here to present the topic and the results of each module in chronological order. The first module dealt with the implementation of a replacement scheme – Jobrotation – in four countries of the European Union and more particularly with the complex multi-level coordination of labour market actors it involves. The second module concentrated on coordination devices aimed at collective management of qualification needs on a territory and showed how several professional branches managed to implement new corporate and employment forms to answer them. The third module makes a focus on the role and impact of the social partners in the field of industrial qualification requirements, tackling the issue at the European as well as at the national level of policymaking.

1. Actors and networks in the implementation process of the "Jobrotation model"

The first section of the workshop dealt with jobrotation, an instrument for the conversion of detected qualification requirements and an innovative combination of qualification and employment policy. Employed persons are released for further training and can qualify during their working time. They are replaced in the

* Some parts of the following chapter are adapted from the contributions to the workshop. For homogeneity and clarity purposes, we choose to omit the usual quotation marks. We thank the authors for their understanding.

meanwhile by unemployed persons, who acquire new knowledge by learning on the workplace and who may remain if necessary in the same company after termination of the replacement phase. With jobrotation, companies can react to detected qualification needs while benefiting from public support and without loss of production thanks to the supply of substitutes. The starting point of the jobrotation model is therefore the increasing qualification requirements of both employees and companies.

At the end of the 80's Denmark was the first country in which jobrotation was practised. With the Danish labour market reform of 1994, jobrotation (or the 'replacement regulation') was institutionalised and is ever since constituent in the labour market strategy of activation, preservation or improvement of the labour force employability. Meanwhile jobrotation projects were launched in almost all countries of the European Union.

In the implementation process of jobrotation, multiple actors with partly diverging interests are involved, who must co-ordinate their action over different levels. Companies and labour offices, education and employment institutes, work councils and trade unions are important actors at the local or regional level of jobrotation projects. In financing jobrotation schemes, national actors (employment administrations) are of particular importance. In the Scandinavian countries for instance, national regulation on leave schemes (esp. study leave) are favored as implementation instruments. The European level, which can offer co-financing schemes through the European Social Fund played a crucial role in Germany and Austria, since key components of the jobrotation model are so far not or only insufficiently supported through national means. Successful multilevel governance, that is co-ordination of the actors of the local/regional, national and transnational levels, is thus a crucial implementation condition.

The contribution of Heidi Oschmiansky deals with the role of actors and networks in the implementation of jobrotation in Germany. With assistance of EU co-financing, implementation networks carried out jobrotation projects on a broad base at the local/regional level despite obvious "institutional hurdles". Because the institutional conditions in Germany – compared with those in Denmark – are only partially favourable to the implementation of jobrotation, in particular in regard to the education system and the structure of the employment administration. On the national level, mainstreaming networks and epistemic communities have hurried the institutionalisation of jobrotation as regular policy instrument while taking advantage of the reform of labour market policy legislation, which represented the opening of a "window of opportunity". Coinciding factors were indeed at play. First of all, the problems of "high unemployment and rising qualification needs" were at the top of the governmental agenda. Second, a strong political support was expected : the occurence of a "policy transfer" from Denmark was positively valued; jobrotation was presented as a positive sum game with a high potential for consensus and an

innovative implementation method. Thirdly and finally, the institutionalisation of jobrotation became possible in 2002 after a change of government in 1998.

In John Houman Sørensen's contribution, the development of jobrotation is analysed in the context of the Danish continued vocational training (CVT) system. Between political parties and social partners, a broad consensus on the importance of CVT is dominating. Jobrotation is one of these reform strategies and innovations combining labour market related educational and employment policies. The question asked is how, where and when Jobrotation can be an effective policy instrument. To do so, the attention is drawn to its relation to companies' qualification strategies and to their personnel policy. Crucial is also the firms' market position, which influence their qualificaion strategies. Following the concept of 'flexibility strategy', Sørensen analyses for what kind of companies Jobrotation might be useful. It seems that only expanding firm, able to perform a higher functional flexibility, are also able to make of the jobrotation concept a positive sum game - at the enterprise but also at the societal level. Furthermore, he distinguishes between two (ideal-) types of implementation strategies of jobrotation-schemes and stresses ermerging implementation features (projects with a high ratio between employees and substitutes, upgrading of the employed staff almost through short training).

In his contribution Jouko Nätti analyses jobrotation in Finland on three levels. First, there are specific jobrotation projects. Secondly, legislation offers certain arrangements, which support jobrotation (job alternation leave, part-time pay supplement, part-time retirement). Thirdly, there are also other systems like study leave and apprenticeship training, supporting training of employees and coping at work, which promote jobrotation. The variety of jobrotation models in employment policy may be explained by the meaning of education in Finland. Investments in education has been a national strategy at the macro level; lifelong learning has long been a key principle in Finland's strategy for growth, competitiveness and employment. The main factor behind creating the first jobrotation-related schemes were mass unemployment and the idea of work sharing. Since the late 1990s, new challenges in public policy have been an ageing workforce, the development of the information society and forecasted labour shortages. In employment policymaking, a special emphasis is put on lifelong learning strategy and ageing workers. One priority is in this respect – through a cooperation between ministries and labour market organizations - to significantly increase alternation between periods of work and study, as a way of answering the training needs of older people. Jobrotation will threfore in the near future focus on older workers.

In the contribution of Lizzi Feiler the instrument jobrotation is categorised in the context of more company based measures and training strategies in Austria. She analyses approaches for the identification of qualification requirements and the meaning of actors and networks in the implementation of detected qualification needs. Within company based measures active labour market policy has a crucial meaning. For many years, the Austrian Public Employment Service (PES) has

developed and mainstreamed demand-side oriented approaches: jobrotation, cross-company qualification networks, consulting services for small companies to assess qualification needs and an innovative programme for the ICT-sector. The PES, the companies training institutes and the so-called Programme Management Units, which play a co-ordinating role, are the main actors involved in the implementation of jobrotation. At the local level, local offices of the PES inform companies about jobrotation and try to place there unemployed persons. On regional level, the PES is responsible the programme management of jobrotation and the approval of new projects. Although jobrotation has been integrated as a regular instrument of active labour market policy, the potential of this instrument has to be assessed carefully: the combination of qualification of employees with the integration of unemployed people who work as (temporary) substitutes is not in all cases a solution to bottleneck problems. In some cases it entails additional complexity and is difficult to organise.

The section shows first of all, that jobrotation is an instrument which can match the qualification needs of employees and companies with the integration of unemployed people. In several countries jobrotation contributes to a greater flexibility in working time over the employment life cycle. Secondly, the implementation of this instrument entails many prerequisites. It requires specific institutional and financial basic conditions, in particular the existence of leave schemes for qualification purposes and funds to cover qualification costs and costs of living for both employees and substitutes. Furthermore, jobrotation requires a successful co-ordination of actors across different levels – local / regional, national and sometime transnational level. The section underlines, thirdly, that jobrotation as a qualification and integration instrument has many functional equivalents. An analysis restricted to jobrotation neglects other important similar qualification instruments. All in all, jobrotation is only one among many building blocks in the concept of life long learning, although a very important and indispensable one. Fourthly, experiences show that jobrotation is not only an instrument to meet qualification needs; it could also be an incentive for more systematic diagnosis of qualification needs at the company level.

2. Answering territorial qualification needs through new corporate and employment forms

The second section of our workshop analysed how skill and qualification needs identified on a territory (i.e. on a local labour market) could be answered through coordination schemes aimed at consolidating new corporate forms (jobpools and employment pools, neo-cooperatives) or new forms of employment (multiple jobholding).

Sophie Rouault explores in a comparative case-study how skill needs diagnosed in two heterogeneous professions and economic contexts – among unemployed

sport teachers in France and in front of skill shortages in the Swedish health services - were dealt with. These cases were brought together since the policy solution agreed upon among labour market actors was in both cases to initiate multiple jobholding arrangements. While trying to measure the respective efficiency of network and hierarchical forms of coordination in solving identified skill needs, the author also wonders wether key labour market actors were able to formulate adequate social incentives to mobilise the flexibilized workforce they were calling for – forging acceptance among the labour force being a guarantee for a successful and legitimate policy implementation. This case-study shows that network and hierarchical coordinations are utmost complementary – the former enabling a timely gathering of relevant policy information and a relatively large consensus on the agreed policy solution while the latter is enabling to enforce necessary changes in labour law and is guaranteeing a greater durability of innovative labour market arrangements.

Claudia Weinkopf's contribution is dealing with the German "service pools", which enable private household to find easily a qualified domestic staff while guaranteeing a usually precarious workforce an access to employment and social security and training opportunities, institutionalising a qualification matching process occurring most of the time on the black market and to the detriment of the least qualified women. The paper starts out by analysing the features characterising the market situation as well as the labour and living conditions of employees engaged in the field of household-related services. Those working in this field often hold multiple jobs, which entails considerable co-ordination efforts and high job insecurity. The approach of setting up service pools aims at creating regular jobs which are subject to social security contributions and at professionalising this type of services. An interim balance of experiences gathered to date shows that such jobs hold advantages both for employees and for customers; but it also reveals that they have not yet attained break-even levels, since the costs of coordination entailed by this form of employment are politically acknowledged but not yet economically sustainable.

Ton Wilthagen analysed the emergence, operation and regulation of employment pools in the Netherlands. These pools represent a way of reconciling demands for flexibilisation and competitiveness on the one hand and workers needs and preferences for employment security and decent working conditions on the other hand. Moreover, the development of job pools appears as a promising strategy for active labour market policy since some of these pools offer possibilities for the re-integration - via training and work experience facilities - of (long term) unemployed or disabled persons. Thus, employment pools could be considered as good examples of a "flexicurity" strategy, which can be defined as a policy strategy that attempts, synchronically and in a coordinated way, to enhance, on the one hand, the flexibility of labour markets and the organization of work and labour relations and, on the other, employment security and social protection, notably for vulnerable groups inside and outside the labour market. Employment pools hold in particular the promise to

balance external and internal flexibility on the one hand and employment and employability security on the other. If this type of reconciliation of business and workers' goals and interests is actually being achieved, there is no reason to consider employment pools as inferior or last resort forms of employment.

Bengt Lorendahl explores in an empirical study confronting six Swedish cases the potential of "neo-cooperatives" in answering skill needs identified in scarcely populated areas through the promotion of self-employment. Self-employment and entrepreneurship indeed usually presupposes not only personal and professional skills of cooperative members, but also an environment which satisfy certain conditions (adequate social and commercial services, transports, education and training facilities, etc.). Therefore, and even more in rural areas, cooperative entrepreneurship is dependent on and consciously aiming at local development, that is a complex collective strategy combining a both need and incentive oriented perspective, were the coordination of labour market actors is crucial.

These four contributions examplify the complex multi-level coordination game at play in answering locally identified skill needs through the implementation of new corporate and employment forms, underlining the need to create positive social incentives to mobilise the workers concerned - in the form of secured working conditions, innovative legislative regulations, training opportunities or fidelity to life choices. In achieving an active qualification matching, taking into account the demand side is indeed crucial but neglecting the supply side can be highly detrimental in the implementation process at the local level.

3. Role and impact of social partners in the early recognition of qualification needs

The third and last section of the workshop put the emphasis, in a comparative perspective, on the growing role and impact of social partners in the management of qualification needs. At the European level, our aim was to analyse the evolution of the role of the social partners towards self-regulation thanks to the European social dialogue and in a recent period to the European Employment Strategies, in order to assess the potential of this recent form of bargaining to the field of qualification acquisition, recognition and early identification of skill needs. At the national level, we stressed practical examples that give responsibility to social partners for self-regulation in the field of skill needs and training implementation. Two valuable national experiences have shown the clear implication of social partners in relation to the conception, elaboration and implementation of qualification needs and training activities. These results acknowledge the precondition of a multi-level implication of private actors, in particular employers' and the employees' representatives on national as well as on European level, to find adequate and negotiated answers to better tackle skill shortages.

This section of the workshop welcomed the contributions of researchers, who directly work on the implication of the social partners in self regulation issues as well as researchers, who are specialised in education and training issues. A particular challenge was here to offer another perspective of interests between different disciplines (sociology and law) on a rather unusual combination of issues (self regulation through private actors and training issues). In this place, we would like to thank the participants for their willingness to face this challenge and for their stimulating cooperation and discussions.

The first contribution deals, in a comparative perspective, with the involvement of workers' representation in the early recognition of qualification needs. Looking at six national models of representation in firms, Isabelle Schömann analyses the legal and collective implication of management and labour in the implementation of vocational training issues. The aim of the contribution is, beyond the comprehension of a country specific organisation of workers' representation in relation to vocational training and life long learning matters, to characterise some useful tools or mechanisms that assure an active and successful cooperation between the social partners in firms (workers' representatives and/or trade unions and the direction), in the perspective of a possible broader application. An interesting outcome of this analysis is characterised by a cross-boundary active participation of workers' representatives in firms' training strategies and especially in the early identification of skill gaps. For this particular issue, in most selected countries, workers' representatives have to be regularly informed in due time and on an annual, or a multi-annual basis, with specific information on carried training measures and forecast of skills needs. Consultations are carried out on contents and extend of vocational training measures, coupled in some countries with a legal obligation to negotiate (Finland) and to agree (Netherlands/Germany) upon particular matters of vocational training. On the other hand, two main arguments need to be taken into account: the access to and the quality of training into firms come rarely in the debate, the success of a preventive action towards the early recognition of qualification needs of the work force remains at the initiative of active social partners.

The contribution of Ralf Rogowski, in cooperation with Isabelle Schömann, focuses on the role and impact of social partners on training issues in the European Union. In assessing the involvement of the European social actors in European social and employment policies since the inception of the European Economic Community in 1957, the chapter describes the gradual transformation of the private actors' roles as mere policy advisers to becoming partners in tripartite and collective negotiation. The chapter outlines the competences of the EU in education and training matters, which are dominated by the principle of subsidiarity, and the specific activities of the social partners in this area. In discussing two strategies, in which social partners play a central role at the European level, i.e. the social dialogue and the European Employment Guidelines, two interesting findings are presented in this paper. First, in relation to recent experiences with the social dialogue, the authors argue that this influential instrument of concerted corporatist policy making, developed in the 1980s,

might have reached its limits in attempting to regulate education and training issues. In contrast, the European Employment Guidelines, the prime example of a new approach to regulation that uses soft law measures, enables the social partners to play an active part in the formulation and implementation of education and training policies.

The contribution of Philippe Méhaut gives us a valuable perspective of the very recent French collective bargaining at national level on vocational training. Following a comprehensive description of the French vocational training system since 1970, stressing the weakness of the social partners in this field, the author draws the outcome of the system and raises central questions towards a reform: How can vocational training be incorporated in the process of life long learning as a way to actualise and to develop qualifications to promote professional independence, innovation and reactivity in firms (for example, with the introduction of a training account referring to Scandinavian practices in firms)? How could individual motivation process be successful organised? What shall be the role of the social partners, sharing responsibilities with the state, for example in the management and the financing of vocational training issues, or to reduce structural inequalities of access to vocational training (in small firms, for certain categories of workers or labour contracts)? Involved in the bargaining process as an expert commissioned by the social partners, the author stresses the difficulties to reach an agreement and points out the main reasons of the actual break down of the negotiations: On the one hand the premise of a new relationship between the state and the social partners, shifting to a tripartite management of the vocational training system, could lead inevitably to a different relation between collective agreement and law. On the other hand, the introduction of the Scandinavian model of training accounts could create the first application of a new conception of social rights, disconnected to a particular situation of subordination to an employer ("*droit de tirage social*"), switching from the republican general and abstract rights (right to training) to individual rights with different practical applications according to the wish of the individual. Finally, the reorganisation of the level of bargaining could put the emphasis on the inter-professional and the firm level, leading to a change in the bargaining practices and creating a new challenge for the social partners.

Finally, the contribution of Harm van Lieshout in cooperation with Ton Wilthagen, documents the scenery of the Dutch vocational, education and training system, and its traditionally strong engagement of the social partners towards the qualitative improvement of vocational training and education schemes, as well as three main case studies regarding recent developments. (1) Concerning the apprenticeship and further training system, the social partners are involved in tripartite regulation of apprenticeship through the development of national skill standards, the creation and running of training funds, and additional stipulations in (primarily sector-based) collective agreements. Since 1996, apprenticeship and (primarily) school-based vocational education have come under a new, integrated governance regime, that simulates self-regulation of the system by actors at national, sector and local levels.

The authors address apprenticeship training as a possible way to support the re-integration of unemployed, either in connection with subsided work placements or through contract compliance. (2) Evaluating recent legal provisions of a new collective labour agreement on temporary agency work (both inspired by an agreement in the bipartite national Labour Foundation), the authors portray them as an attempt to normalise temporary work as a regular employment relationship. These changes offer incentives for temporary employment agencies to invest in training measures for temp workers, both directly (temp agencies have discuss training needs with temp workers after a certain period) and indirectly (as temp workers gain increased employment security with tenure and eventually will receive a permanent contract). The authors point out that this evolution of the conception of temporary agency work shows the "emergence of an exclusively private partnership to fulfil public goals", and stress the potential significance of private partnerships for transitional labour market theory. Finally, the authors analyse the limits and constraints of the responsiveness of vocational education and training systems to changing qualification needs by means of a case study of this process in the Dutch information and communication technology sector.

PART I The role of networks in the implementation process of jobrotation

Implementing jobrotation in Germany: Labour market actors' contribution to meet skill needs

Heidi Oschmiansky

1. Introduction

Jobrotation represents an instrument of "employment-effective" further training. Employees are released for further training and can themselves qualify during their working time. They are replaced by unemployed persons, who acquire new knowledge by learning at work and who may perhaps remain in the company after the replacement phase. With jobrotation companies can react economically to detected qualification needs by partly public financing and without loss of production by the supply of substitutes. Therefore the starting point of jobrotation is the increasing qualification requirement of the employees and the companies.

National as well as international experiences show that the implementation of jobrotation is dependent on many prerequisites. With its double goal of the qualification of employees and the reintegration of unemployed persons jobrotation connects two areas, which were so far hardly connected at least in Germany: the system of the vocational education and the system of the active labour market policy.

This study deals on the one hand with the contribution of the actors in the implementation process of jobrotation on the local level. One can assume that the institutional basic conditions relevant for jobrotation are more unfavourable in Germany, compared with those in Denmark, the country, from which the model "jobrotation" was imported.[1] The actors on the local level nevertheless succeeded in bypassing the "institutional hurdles" and in implementing jobrotation: The results of an inquiry in 1999 show that 740 companies with well 2000 employees and almost

[1] see the contribution of Soerensen in this discussion paper.

1000 unemployed persons took part in jobrotation projects. The reintegration success of the substitutes was 61%. This is a large employment-relevant success, considering that 43% of the substitutes over than 12 months unemployed before.[2]

On the other hand the study deals with the contribution of the actors in the implementation process of jobrotation on a national level, that means the institutionalising of jobrotation in form of a legal anchorage. Since January 2002 jobrotation is practised on a regional level as a regular instrument in the context of the reformed labour market policy legislation ("Job-AQTIV-Gesetz"). Thus six years passed, since the first model project started 1996 in Berlin.

Theoretical background of the study is the concept of the "window of opportunity" of Kingdon, which explains political change with a meeting of different factors. Special attention applies thereby to the actors and networks, whose co-ordinated action enabled the implementation on the local level and which on regional, national and transnational level forced the spreading of jobrotation.

The paper starts with the economic and institutional basic conditions of jobrotation[3]. After theoretical remarks about network concepts in the framework of implementation research, the actors in the context of jobrotation are defined and their specific performances in the implementation and institutionalising process are analysed. Finally the institutionalising of jobrotation is explained with the help of the theory of window of opportunity by Kingdon.

2. Mass unemployment and the need for further qualification in Germany

Despite continuously high unemployment in the Federal Republic of Germany - the overall economic job shortage amounted in autumn 1999 to almost six million (Magvas and Spitznagel 2000: 3) - the requirement for qualified workers grows. Simultaneous occurring of a lack of qualified worker with high unemployment is explained with the mismatch concept. In particular the qualification-relevant mismatch seems to win increasingly in meaning.

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[2] cf. the results of of the study: Nationale Unterstützungstelle der Bundesanstalt für Arbeit und Jobrotation-Verein zur Förderung des lebenslangen Lernens e.V. (2000). Jobrotation in Deutschland. Eine bundesweite Auswertung. Berlin.

[3] Further aspects of a successful implementation are the financial and organisational basic conditions. So the execution of a professional and global qualification demand analysis within a job rotation project can be assumed as an important success-critical variable for the implementation for example. This contribution concentrates however on the institutional basic conditions, because they determine the action options of the actors.

Thus in representative elevations the absence of suitable specialists is stated as production obstacle particularly of enterprises within the area of business services, within the area of the data processing and in construction industry.[4] But not only within some high qualification areas such as engineer and occupations of computer science there are signs of a skill shortages. There are also indications for a companies' demand for simple qualifications (Klös 2001: 33ff.). The lack of specialists seems to play national economically so far still no large role (Magvas and Spitznagel 2000: 4.), but it might be of great importance in the middle and long-term in view of the demographic development (ageing of society).

In order to meet mismatch problems - apart from other measures – the qualification efforts are generally to be strengthened. Whereupon also international comparisons point. Thus the organisation for economic co-operation and development (OECD) calculated an overall index of further training participation. According to that Germany is only on place 10 under the 15 European Union countries (Heidemann 2001: 3). Particularly unskilled workers and low qualified white collar worker indicate clearly smaller participation ratios than officials and manager/executives[5]. In addition, more than one third of the highly-qualified ones doesn't participate regularly in further training. Also older persons employed participated so far only in small measure in vocational further training[6]. In view of the ageing of the population also the preservation and advancement of the vocational qualification of older employees will have to move stronger into the foreground (Reinberg and Hummel 2001: 6).

However further training activities in the companies are still no matter of course. According to a study only two of five questioned companies carried out or financed measures for further vocational training in the first half-year of 1997. Further training increases with activities with rising size of company. The further training activities of smaller companies - for lack of own resources, a continuous requirement and release problems - are rather generally sporadic (Düll and Bellmann 1998, 1999). In most

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[4] After a representative questioning in autumn 1999 10% of the enterprises in West Germany and 4% of the companies in East German stated the absence of suitable workers as a production obstacle. A differentiation after industries shows however that in the business services and in construction industry the proportions of the companies, which complained about missing workers were clearly higher as in particular (18% in the West and 6% in the East). Also another survey clarifies industry-referred different embarrassment of the lack of qualified workers: While in the spring 2000 a lack of specialists was stated as reason for handicaps of the production activities in the processing trade of only 4% of the asked companies both in West and in East Germany, half of the West German and well a third of the East German data processing companies complained about a lack of specialists (Magvas and Spitznagel 2000: 6ff.).

[5] The proportion of the unskilled/semi-skilled workers as well as the low qualified white collar workers was appropriate 17% or 30% in 1997. The participation ratios employees and officials qualified of was however about 56% or 62% (Kuwan, Gnahs and Seidel 2000: 130).

[6] According to a further training report the proportion of people aged 50 – 64 amounted to 20% in the year 1997. According to the „German microzensus" micro only eight per cent of the participants of further vocational training were 50 years and older (Kuwan, Gnahs and Seidel 2000: 106).

small and medium-size companies one only starts thinking of qualification if appropriate lack shows direct and serious economic effects (Weiß 2000: 28f.). A systematic further training planning is practices only by a minority of 14 per cent of small and medium-size companies (Hoffmann1999: 9).

The further training requirement is the starting point of jobrotation projects (Oschmiansky, Uhrig and Schmid 2001). Particularly for companies, which cannot afford long-term release of their employees, jobrotation offers an interesting solution: The barriers of foresighted personnel development are overcome by the supply of substitutes and partly financing of the further training costs. So jobrotation can initiate a “qualification spiral” and can include also the person's groups stated above, which participated so far still too few to vocational further training.

3. Theoretical notes to networks in the implementation process

According to classical definitions[7] the starting point for implementation processes is a legal decision. In deviation to this Ferman (1990 in: deLeon 1999: 314f.) defines implementation as what happens between policy expectations and (perceived) policy results. This definition seems to be suitable for jobrotation, because it presupposes no legal decision and thus fits well with the bottom-up character of many jobrotation projects. The initiative for jobrotation projects did not proceed frequently from the national level, although national actors are always involved in the implementation process. Besides this the very broad definition of implementation also includes the institutionalising of jobrotation.

The "implementation success" of one policy depends on the contents of a program, the administrative capacities of the implementers to carry the changes desired of them out and the support of clients and coalitions whose interests are enhanced or threatened by the policy. Further success-critical variables of implementations systems are the institutional framework of the policy as well as the role/meaning of the actors involved in the implementation process (Najam 1995: 35ff.).

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[7] cf. exemplarily for this the definition of Windhoff-Héritier: In the political science implementation is defined by legal decisions (laws, decrees, regulations..), which are decided by political and administrative organs. The decisions, in vague or precise way formulated, are transferred under participation of different public and private organisations, by groups and individuals with quite diverging targets, conflictful or consensual, schematically or freely arranging into the practice. In the ideal-typically policy cycle implementation presents itself as that phase, whose action plot is set by the preceding phase of policy formulation. Implementation then produces again certain policy results and effects (Windhoff-Héritier 1987: 86). In practice policy formulation and policy implementation are connected processes, which are merged into a specific socio-economic context (Héritier 1993: 13).

In recent literature implementation is defined as a dynamic negotiation process between several actors, who run on several levels and between several organisations. Implementation can be seen as a dynamic process of negotiation between multiple levels, within and between multiple organisations (Najam 1995: 34). The effective solution of public problems in "late" welfare states requires therefore increasingly co-operative efforts of many actors and organisations. If not one actors can solve a problem or force others to co-operate for problem-solving, often networks can offer solutions (O'Toole, Hanf and Hupe1997: 137).

For the definition of a specific network the actors involved, contents of the network and the steering processes are of interest. In order to enable a direct interaction of the actors, their number cannot be unlimited. The content of a network is characterised by the fact that all involved ones operate for a target or a problem solution (Kenis and Schneider 1991: 40f.). The outweighing steering form for the reaching of this target are negotiations and exchange. While in pure market relations no connection between the actors exists and in a purely hierarchical relationship a very close relationship between the actors exists, the actors of networks are connected by the control form negotiation and exchange. In existing networks there is normally a mix of the pure control forms market, hierarchy and negotiation/exchange (Kenis and Schneider 1991: 42; Schmid 1994: 87). The benefit, which is expected by networks, is a high degree of problem-solving ability. They can reduce information and transaction costs by negotiation and co-ordination activities. The negotiation logic in networks is the compromise. Therefore co-operation are possible despite contradictory interests (Hild 1997: 98). Particularly in situations, in which policy resources are scattered and context- or actors-dependent, a network is the only mechanism for the mobilisation and unification of resources (Kenis and Schneider 1991: 42).

For the analysis of the implementation processes of jobrotation are in summary above all the institutional basic conditions as well as the actors involved of special interest, which are brought up for discussion in the two following sections. Concerning to the network approaches it should be taken into consideration that the network term is used here as "tool" in order to reduce the complexity regarding the actors involved.

4. The institutional framework: the corridor through which Jobrotation must travel[8]

Above all two institutions - the educational system and the employment administration - play a crucial role in the implementation process of jobrotation (Schömann, Mytzek and Gülker 1998, 1999).

[8] Najam 1995: 35

4.1 The educational system

In Germany the release possibilities for education purposes for employees are extremely limited, since there is no country widely uniform in national law for educational leave. Eleven of 16 federal states *(Bundesländer)* of Germany have laws giving employees the right to normally ten days educational leave every year. These days can be cumulated however from two years, partly also from four years (Senatsverwaltung für Arbeit, Soziales und Frauen 2001). The regulations cover the whole area of the adult education, thus political, vocational, cultural and general further training, whereby the proportion of the vocational education is small. Also therefore the educational leave is hardly embodied in the companies: The general demand was appropriate for end of the 90's with under 2% of all employees. For the implementation of jobrotation projects the educational leave is not suitable due to its structure and marginal meaning (Moraal 1998: 20f.).

In the vocational further training three "subsystems" can be stated: individual further training, company-relevant further training and further training for unemployed persons. The further training of the unemployed persons is incumbent on the relatively centralised and adjusted employment administration; the companies are responsible for the company-relevant further training. The relatively rigid separation of the three subsystems makes the implementation possibilities more difficult for innovative forms of active labour market policy and qualification policy such as jobrotation (Moraal 1998: 10).

4.2 The employment administration

First of all in Germany passive (unemployment pay) and active measures (job creation schemes) of labour market policy are both financed from the contributions to the *Bundesanstalt für Arbeit* (the Federal Institution for work) which leads to a competition relation between both: With increasing unemployment the outputs for wage compensations rise and reduce the financing of preventive labour market policy (Schmid, Reissert and Bruche 1987: 296). For the implementation of active labour market policy measures, on which no legal claim insists - e.g. further training – this stop-and-go-politics of the *Bundesanstalt für Arbeit* can have unfavourably effects. So a labour office-financed measure for further education for the substitutes in the context of the first jobrotation project in Berlin could only be executed with delay, also due to the dependency of the model project on the financial situation of the responsible labour office (Behringer 1999:16).

Secondly until 1998 the regional labour offices had hardly scope for action in the implementation of measures of the active labour market policy. Even this aspect seems to be particularly relevant, since the respective employment administration is an important actor in the implementation of jobrotation. Therefore a crucial meaning in the implementation of jobrotation generally comes to the degree of decentralisation

of the employment administration. It permits an appropriate autonomy of the local labour offices and enables an adjustment at the regional and local requirement. Until 1998 the German employment administration was one of the most traditional employment administrations in Europe with a high degree at hierarchical co-ordination over line-item budget, detailed procedural regulations and individual entitlements (Mosley and Schütz 2001:180). Due to the limited scope of action the local units of the employment administration could react only heavily to demands after integrated local employment policy, which links labour market policy and regional structural policy (Reissert 2001: 120). Since the labour office reform 1998 the local labour offices have a larger scope of action in the implementation of measures of active labour market policy. The paragraph 10 (SGBIII) for the free promotion of projects is particularly relevant for jobrotation, since up to 10% of the reintegration-budget can be used for innovative measures (Mosley and Schütz 2001: 182). In the context of the implementation of jobrotation measures the paragraph 10, however, seems to find rare application so far. (Nationale Unterstützungsstelle der Bundesanstalt für Arbeit und Jobrotation – Verein zur Förderung des lebenslangen Lernens e.V. 2000: 8).

This is connected ***thirdly*** possibly also with an information deficit as well as a general overloading due to the organisation reform "labour office 2000" at the local level of the employment administration. Whereupon at least the experiences from the *Bundesland* (federal state) North Rhine-Westphalia refer to. There jobrotation is implemented country-wide since this year. There the local labour offices are included in the implementation than ever before: in each labour office there is a person responsible for jobrotation, who shall advise interested companies and individuals. In some cases, however, interested enterprises were advised against jobrotation, which can be put down to information deficits according to expert opinion.

Fourth in the German labour market policy co-ordination performances are financed only rarely in the framework of labour market policy projects. Usually resources for special and personnel expenditure are intended, which do not cover however the special co-ordination expenditure, which is necessary in the context of projects with many actors of different organisations. For jobrotation projects this means that the project management is dependent on other financing sources for the co-ordination performances.

This chapter clarified that the national institutional basic conditions, which are relevant for jobrotation, may hinder the implementation of jobrotation projects. The following section deals with the involved actors; due to their successful co-ordination the implementation of jobrotation nevertheless succeeded in Germany on a broad base.

5. The actors and networks in the implementation process

This section is about the actors-constellations, which are involved in the implementation and spreading of jobrotation. The objective of the actors and networks stated here is to react to the increasing qualification need and to promote efforts of further training. Networks are not a special case, but the normal case in handling the request of the action co-ordination. Therefore a specification is necessary when using network concepts (Grunow 2000: 332). On the basis the criteria stated above - actors, contents (objectives and performances) and control form are defined the following networks[9].

5.1 The European Commission : promotion & financing of the model and support of network-building on regional level

The European Commission has a crucial role as catalyst and financier in the implementation and spreading of jobrotation. On the one hand it supported the policy transfer of jobrotation from Denmark to other European Union countries while it recommended the model in its White Paper for growth, competition and employment (Europäische Kommission 1994: 144). Also in the Common Report of the Commission for employment in preparation of the Luxembourg summit in 1997 jobrotation was selected as "best practice example" for a larger employment ability (Europäische Kommission 1997: 38). Finally, in the framework of a congress in autumn 1997, organised by the European social fund and the Danish Ministry of Labour, jobrotation was defined as ingenious solution for the problems on the European labour market and as one of the best instruments at all regarding the development of the vocational qualifications and the employment effectiveness[10].

On the other hand the European Commission is also directly involved in the implementation of jobrotation by its co-financing through the European Social Fund (ESF).[11] The ESF co-finances the further training for employees, the further training and the salary of the substitutes as well as the co-ordination performance. In particular the last point, the co-financing of the project co-ordination, has a crucial importance. As mentioned above there are no regular means of the employment administration *(Bundesanstalt für Arbeit)* for this part of the jobrotation projects. With

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9 Beyond that further criteria are conceivable, which are here however not included into the analysis: Openness / closing of the network, power and dependency within the network, legitimacy, efficiency, degree of goal reaching and acceptance of the addressees (Grunow 2000: 316; Atkinson and Coleman 1992: 159ff.).

10 Quoted in: Behringer 1998: 326

11 Most jobrotation projects in Germany were co-financed through target 4, target 1 or from means of the community initiative ADAPT. ADAPT had a run time of seven years (1995 - 2001) and was financed from means of the European Social Fund , with the target to help the workforce adapt to industrial change and promote growth, employment and the competitiveness of companies in the European Union (Nationale Unterstützungsstelle ADAPT der Bundesanstalt für Arbeit 2000: 7).

the co-financing of these costs by the EU a co-ordination of the actors in the implementation was enabled and thus starting up of jobrotation projects was forced. Besides this the ESF co-financing extended the scope of action of the "implementation-actors" and permitted to them more independence in relation to the involved national institutions (labour offices). Therefore the European Union co-financing has substantially supported the regional network formation in the context of the implementation of jobrotation .

5.2 Implementation networks : to adapt the model & to bypass the institutional hurdles

According to O'Toole, Hanf and Hupe (1997: 139) implementation networks are the pattern of linkages traced between organisational actors who are in some way independent. Like organisations themselves, implementation networks are intended to be used as instruments for mobilising the energies and efforts of individual actors to deal with the problem at hand. Implementation networks represent the organisational infrastructure required for the application of policy instruments intended to bring about the changes in social behaviour or conditions sought by national policy makers.

The jobrotation implementation networks can consist on the local/regional level of public actors (employment administration, regional administrative bodies), private actors (companies, employees, unemployed person, consultants, education institutions....) and intermediate actors (semi-public education and employment institutions and agencies responsible for the implementation of labour market policy or educational goals, scientific institutions...).

Their common target can be summarised with the stabilisation of the competitive ability of companies and individuals. Their performances consist on the one hand of the matching between the qualification need of companies and the integration of unemployed persons on the local level. On the other hand they succeed in bypassing the institutional hurdles of the implementation and in connecting different systems: the public system of the employment administration and the private system of the company-relevant further training. Thus the co-ordination of the implementation occurs between two different co-ordination models (Lassnigg 2000: 21). First of all the respective educational leaves must be negotiated between companies and work councils, employees and project managers for each individual case, since there is no federally uniform educational leave. Secondly the combination of different financing instruments is necessary for starting up and execution of jobrotation projects (Uhrig 1998: 39). By bypassing the institutional framework, the implementation networks adapt the model to the national basic conditions.

The development and the implementation of the concrete projects are essentially based on negotiation processes and exchange of information. In addition,

combinations are typical in these networks, if for example unemployed persons are assigned by the labour offices (hierarchical control) or if education institutions evaluate the qualification needs of companies and offer at the same time specific further training for the employees (market control). Apart from the common targets single interests are involved, which arrange the forms of the interactions and which the implementation networks balance by compromise settlement. So for example there is a tendency of labour offices to place the “harder-to–place unemployed” as substitutes into the projects while the employers prefer better qualified and younger unemployed.

5.3 Mainstreaming networks : to promote jobrotation

The activities of mainstreaming networks are closely limited to one topic - the instrument jobrotation. The actors of the mainstreaming networks can come - as in the implementation networks - from public, private and intermediate organisations; the majority are however project management organisations, they implement jobrotation projects on the local level. The mainstreaming networks act on national and transnational level. Their common targets are the promotion, and spreading as well as the development and mainstreaming of jobrotation. Their performances exist first of all in the supply and editing of information for network members and for the public in the form of publications, workshops/conferences and via homepage. Secondly the mainstreaming networks serve for an internal exchange of experience and mutual support. The steering form essentially exists therefore in the exchange of information.

Above all the EU job rotation network and the jobrotation association show actively commitment for the introduction and spreading of jobrotation. The EU jobrotation network developed on the initiative of the Danish organisation AOF (Arbejdernes Oplysnings Forbund), a further training network for workers and employees of a trade union. In 1995 the EU job secretariat was created in the Danish Aalborg, in which first 12 member organisations join together to the transnational EU job rotation network By the end of 1999 the network included 38 member organisations - private companies, research institutions, non profit organisations, education institutions, public institutions - from all countries of the European Union with the exception of Luxembourg.[12] The EU job secretariat was financed from membership dues and from funds of the European Union. In the year 2000 the international EU jobrotation association was created as a continuation of the EU jobrotation network.

The first model project in Germany was already integrated in the EU jobrotation network by its project management organisation. This integration and the knowledge

[12] http://www.eujob.dk/eu_net.html, 7.2.01.

and experience transfer thereby supported substantially the advancement of the method in Germany.

The second important mainstreaming network on the national level is the "jobrotation - association for the promotion of lifelong learning " *(JobRotation – Verein für lebenslanges Lernen e.V.)*, which is also a member of the transnational EU jobrotation network. The jobrotation association represents the interest groups from most jobrotation projects in Germany. Its 25 members jointly develop recommendations and proposals to mainstream the method in Germany. It helps disseminate jobrotation on a national and European level by organising exchanges between the projects in the various federal states.[13]

The (national) jobrotation association was created on initiative of the SPI Servicegesellschaft. SPI is a public service company and finances qualifying and labour market measures for the administration of Berlin. SPI also implemented the first model project in Germany. Together with the national support institution for ADAPT of the Federal Institution for work *(Bundesanstalt für Arbeit)* the jobrotation association published a study about the development of jobrotation in Germany.

5.4 Epistemic communities – to convince the policy community: “import” of jobrotation and its institutionalising

The epistemic community approach (Haas 1992) focuses on expert actors in policy-making who share norms, causal beliefs and political project and who seek change in specific areas of policy. An epistemic community is a knowledge-based network of individuals with a claim to policy-relevant knowledge based upon common professional beliefs and standards of judgement, and common policy concerns. An epistemic community can operate at many levels, state, national and international (Rose 1991: 16). Differently than with implementations and mainstreaming networks the spectrum of the epistemic communities are not limited to only one topic. In the context of the development of jobrotation in Germany two epistemic communities can be stated as examples: one is active on the national level; the other operated on the regional level.

The regional epistemic network, consisting of intermediate and public actors (scientific institution and regional administrative body) was active in the introduction of jobrotation to Germany. The consensual knowledge of this epistemic network can be summarised in the following catchwords: transition to flexible and reduced working time as a way for more employment as well as a necessity for lifelong learning.[14] Co-operation can be essentially assumed as the steering form within this network. The results of this network are first of all the policy transfer of Jobrotation from

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[13] http://www.jobrotation.de/; http://www.eujob.dk/pages/d_vfl.html, 30.8.01

[14] cf. the publication: Sentasverwaltung für Arbeit und Frauen 1995.

Scandinavia, secondly the introduction of jobrotation in Germany, thirdly the development of the first model project together with an implementation network: In 1994 a discussion paper[15] of the Social Science Research Center Berlin (*Wissenschaftszentrum für Sozialforschung Berlin*) about further training for unemployed persons in Denmark appeared. This paper described as well the Danish leave schemes, introduced in 1994. This was also a cause for the Ministry of labour and women in Berlin *(Senatsverwaltung für Arbeit und Frauen)* to organise a workshop to Scandinavian leave schemes in 1995 and to publish afterwards a scientific publication[16]. In the spring of 1996 the first model project with support of the Ministry of labour and women was then started up.

The Benchmarking group of the “alliance for jobs, training and competitiveness”[17] *(Bündnis für Arbeit, Ausbildung und Wettbewerbsfähigkeit)* can be regarded as a further, national epistemic community. The alliance for jobs was started up briefly after the selection victory of the social democrats and the greens in winter 1998. The alliance for jobs aimed at mobilising all social forces for the fight against unemployment. It can be described as an officially institutionalised three-lateral arrangement between government, trade unions and employers' associations. In the Benchmarking group, which is not really a network due to its institutionalising form, five social scientists and economists are involved. Their consensual knowledge can be summarised in terms of catchwords as follows: Necessity for a change of direction in the labour market policy by promotion of the personal responsibility and of the capability for independent adjustment to the challenges of the labour market.[18] Due to the "origin" of the scientist the probable steering form within the Benchmarking group are negotiations or compromises as well as information exchange. The function of the Benchmarking group is to analyse the employment policy and to deliver recommendations for the alliance for jobs.

Concerning jobrotation, the performance of the Benchmarking group is to be seen in the convincing of the policy community. The Benchmarking group gave the decisive impact for the institutionalising of jobrotation: The topic ‘jobrotation’ - apart from other topics - was discussed from the outset in the Benchmarking group and found through this way input into the discourse in the alliance for jobs. In July 2000

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15 cf. the publication: Höcker, H. (1994): Reorganisation der Arbeitsmarktpolitik. Weiterbildung für Arbeitslose in Dänemark. Discussion Paper FS I 94–202, Wissenschaftszentrum Berlin für Sozialforschung.

16 cf. the publication: Höcker, H. and Reissert, B. (1995): Beschäftigungsbrücken durch Stellvertreterregelungen in Dänemark und Schweden. Expertise der Stiftung Bildung und Beschäftigung Berlin / Villingen. Schriftenreihe der Senatsverwaltung für Arbeit und Frauen, Nr. 9. Berlin: BBJ Verlag.

17 Short version: alliance for jobs *(Bündnis für Arbeit)*

18 cf.: Presse und Informationsamt der Bundesregierung (2001): „Aktivierung der Arbeitsmarktpolitik. Thesen der Benchmarking-Gruppe“. Schriftenreihe Bündnis für Arbeit, Ausbildung und Wettbewerbsfähigkeit.

the introduction of jobrotation as a regular measure of active labour market policy was finally decided in the alliance for jobs.[19]

In the following diagram the three actors constellations, their specific performances in the context of jobrotation and their steering forms are systematised.

	actors	**contents**		**steering form**
		goals	performance/results	
implementation networks	public, private and intermediate actors	strengthening of the local competitive ability	- pooling of resources - matching between qualification needs of companies and integration of unemployed - connecting systems: bypassing the institutional "hurdles"	information, co-operation, negotiation
mainstreaming networks	public, private, but most of all: intermediate actors	spreading and development of the model	- supplying and editing of information - internal exchange of experience and mutual support	information
epistemic communities	public and intermediate actors	further development of the active labour market policy	- adaptation of the model, - supply of a policy proposal - make the proposal to the policy community	- local level: co-operation - national level: negotiation

To sum up this chapter, the co-operation of the different networks on regional, national and transnational level enabled and forced the introduction and spreading of jobrotation. The European Commission play thereby an important catalytic part; because of its co-financing, it created the basis for jobrotation in Germany. The activities of the networks were partially co-ordinated, in particular those of the mainstreaming networks. Partially the activities were rather uncoordinatedly, however they supported each other mutually. The announcement of the alliance for employment in July 2000, for example, to introduce jobrotation as a regular instrument, had a signal effect on the implementation level : The interest of companies in the instrument increased rapidly (Schick and Hammer 2001:8). On the

[19] cf. The Common Statement of the alliance for employment, education and competitive ability to the results 4. High-level conference on 12th December 1999, http://www.buendnis.de/, 1.9.01.

other side the epistemic communities were naturally dependent on the expert knowledge of the locally "implementers".

On each level at least one collective actor, a mediator, can be identified, which "transported" the idea or the model to other actors (Muller 1994; Kingdon 1995: 165[20]). This mediation or translation function was performed for example by the Benchmarking group on the national level, by submitting the suggestion on jobrotation (apart from other suggestions) to the alliance for jobs. A further important mediator was SPI, which was active not only on the local level (implementation of the first model project), but also on the national level (jobrotation association) and the transnational level (EU jobrotation network).

However, it's important to be noted that there were different actors and networks with certain influence possibilities. Though no collective actor could be identified, who has, due to its institutional origin, special influence and organisation possibilities and who has a special interest in jobrotation: The Federal Institution for employment *(Bundesanstalt für Arbeit)* could have been for example such an actor. Also a powerful group of lobbyists, which has due to its financial and personnel resources, a much larger scope for influence than that of the mainstreaming networks, doesn't exist for jobrotation. The absence of influential actors has possibly delayed the institutionalising process of jobrotation, as the coming section suggests.

6. A window opens: the institutionalising opportunity for jobrotation

With the "window of opportunity"-theory of Kingdon (1984, 1995) policy change can be explained. Accordingly, policy change is likely when three relatively independent streams that change and evolve over time are coupled - the stream of problems, of policies and of politics: A problem is recognised, a solution is developed and available in the policy community, the political climate makes the time right for change, and the constraints do not prohibit action. A policy window open when the separate streams come together and are coupled at these times.

Making use of the theory by Kingdon in the following, the three streams with regard to the institutionalising of jobrotation are described.

6.1 The two problem streams: high unemployment rate and the need for further qualification

According to Kingdon (1995: 113f.) a problem stream consist of real conditions and events that are brought to the attentions of policymakers via indicators, focusing

[20] Kingdon uses the term „policy entrepreneur", Sabatier and Jenkins-Smith (1993) employ the term „policy broker".

events such as crises or personal experience and feedback from current programmes. In general not every condition is seen as a problem: For a condition to be a problem, people must become convinced that something should be done to change it. People in and around government make that translation by evaluating conditions in the light of their values.

In the context of jobrotation above all two problem streams seem to be of importance: high unemployment and the further training requirement. The continuous mass unemployment in West Germany is already for decades, in East Germany since the unification the most important politico-economic topic in the social discussion. In addition, the feedback to active labour market policy instruments as well as the public discourse about labour market policy might have an importance. On the one hand international as German experiences show that the possibilities of active labour market policy are limited in regard to the reduction of unemployment and that active labour market policy can only additionally promote the reintegration prospects of certain person's groups (Hagen and Steiner 2000: 267).

On the other hand different evaluations indicate on the fact that in particular such labour market policy measures increase the individual job chances of the participants, who are based on a direct contact to possible future employers and the mediation of marketable work experiences. The results of rather "market-far" measures of the active labour policy - as for example job-creation measures or vocational training for unemployed - are however very heterogeneously concerning the individual job chances. In particular the job-creation measures have a negative call, although different studies found also positive effects for the further “employment course” (Rabe 2000: 35).[21] Thus in the summer of this year prominent research institutes for economics pleaded for abolishing the job-creation measures and instead strengthening the instrument ‘wage subsidies’. (Berlin AP, 24.Juli 2001).

For the institutionalising of jobrotation possibly not only the problem of "mass unemployment" was crucial, but also the suggested tendency in the labour market policy discourse to rather "market-near" labour market policy measures.

The second problem stream refers to the further training deficit in Germany. Also here indicators and public discourses can be stated. In view of the challenges of the global economy the necessity for life long learning has been continually more strongly stressed for years in the educational discourse. Like mentioned above, different studies show that the proportion of the companies, which execute regularly further training, is still too small and that above all unskilled workers and low qualified employees as well as older employees indicate small further training participation ratios. In particular, with regard to older employees, a paradigm change has occurred: Until recently early retirement schemes were considered as an appropriate solution for the problems of older employees on the labour market. Now,

[21] cf. the overview to German and international evaluations: Rabe 2000.

there is a consent that this measure is too expensive and that instead the further training for older employees should have been promoted. In this context also the discourse over lack of specialist can be seen, which has been led for about two years in Germany (and which pushed the unemployment discourse in the background at times[22]).

In summary, the vocational further training deficit in Germany represents an urgent problem and has find its way into the political agenda already for a longer period. Together with the problem of mass unemployment thereby the two – for the institutionalising of jobrotation relevant - problem streams are outlined, for which jobrotation can represent one (of many) solution(s). In the following the criteria are developed, which promote jobrotation as a serious proposal for solution.

6.2 The policy stream : jobrotation as a positive sum game

According to Kingdon (1995: 19f.) a policy stream consists of policy ideas and proposals, worked out by experts. Many ideas are possible in principle, and float around in a „policy primeval soup“. The proposals that survive to the status of serious consideration meet several criteria, including their technical feasibility, their fit with dominant values and the current national mood, their budgetary workability, and the anticipated political support.

The correspondence of jobrotation with dominant values and the current national mood can assumed. The technical and the financial feasibility seem to be limited, as mentioned above. Therefore in particular the anticipated political support might be decisive for the fact that jobrotation could emerge from the “primeval soup” and could achieve the status of serious considerations. There are above all four aspects, which might have favoured a political support: the policy transfer, the appearance as positive sum game, the consent potential and finally the method.

1. By the **policy transfer** international experiences were already present about the technical and financial feasibility of the instrument as well as to its qualification and employment effects, which were only completed by national experiences (in the context of the model projects). Thus the test expenditure and the political risk for those political actors, who support the institutionalising of jobrotation, could be reduced. The imitation of one policy, which already elsewhere functioned, has the political advantage of a larger legitimacy, particularly in relation to own creations (Radaelli 20000: 28).
2. Secondly jobrotation offers a solution by its double objective of the reintegration of unemployed and the further training of employees, for two - above mentioned - problem areas. It is even this linkage, which makes this instrument so attractive and crucially helps explaining its "ascent from the primeval soup". From the policy research it is well known that the representation of a policy in the public is decisive

[22] cf. Fuchs, Schnur and Zika 2000.

for its political chances of survival; the label of a policy determines its incorporation chances into the policy agenda (Windhoff-Héritier 1987: 72). By the linkage of labour market and education policy jobrotation can contribute to the solution of several employment relevant questions: Further training of employees, and thus a broader participation of the population in further training, the increases of companies competitive ability, the reintegration of unemployed persons and thus the end of the erosion of their "employment ability" and finally (in the long run) a small tax load and thus an increase of the overall economic competitive ability (Schmid 1999: 131). Jobrotation seems to be therefore **a positive sum** game for all. A cost-benefit-analysis on the basis of exemplary parameters of Schmid (2000) to jobrotation can point out a positive relation of costs and benefits for the involved individuals and for the entire society. The precondition for this are sufficiently long productivity effects of the further training for companies and participating employees, as well as lasting job-creating effects for the unemployed persons.

3. Moreover, jobrotation indicates a high adaptation potential due to its double objectives, therefore it is particularly **consentable**. Depending upon political interest and requirement the employment component (reintegration of unemployed, creation of temporary job opportunities) or the qualification component ("company-near" qualification, "modernisation", especially for small and middle sized enterprises) of jobrotation can be in the foreground, i.e. can be stressed by the political actors. Thus e.g. by trade union side the employment objective of jobrotation is underlined (in particular the integration of long-term unemployed in employment liable to social security), while employers' associations stress the qualification component of the instrument. Therefore also no insurmountable resistance against the institutionalising of jobrotation was to be expected. The epistemic communities could take into account a broad acceptance, also over across the borders of parties.

   The consent potential of job rotation is relevant also in another point. As mentioned in chapter 4, the company-based further training is a priority function of the companies. By jobrotation now also the company-based further training becomes public (co-)financed. The employment goal of the instrument might have contributed to the acceptance of this "system break".

4. A fourth, not insignificant aspect might be the **method** of jobrotation: the principle of jobrotation is conceivably simple and understandable, it can be easily communicated in the public discourse. Therefore jobrotation can attract comparatively easily the political, journalistic, economic, scientific attention. Compston and Madsen (20001: 124) point out in their contribution about the development of the leave schemes in Denmark that the term "jobrotation" extended the possible support potential for the leave schemes. Although the practice "training-and-hiring" in Denmark was already known for some times, the term "jobrotation" could describe the method more simple, succinctly and clearly

than before and helped explaining the procedure of the leave schemes a wider range of people[23].

6.3 The political stream: the change of government in 1998

Kingdon (1995: 145) describes the political stream as a composition of such things as public mood, the balance of power between organised political forces and events as changes in governments and of administration.

In autumn 1998 the conservative/liberal government was replaced by the social democrats and the greens under Gerhard Schröder. Already in the election campaign in the summer 1998 the SPD candidate Schroeder had explained that in the case of an election victory a “substantial” lowering of unemployment as the crucial measuring pole of own success: "If we don’t succeed in this in the coming four years, we do not earn remaining further in power”.[24] In his governmental declaration Schroeder called the mass unemployment as the “most pressing and most painful problem”. Beyond that he spoke of the challenges of the European “knowledge-society” and announced an education and a qualification offensive[25].

Thus the points seemed to be switched on the political level for an enforcement of the active labour market policy as well as the education policy. The activities of the new government within the area of the labour market policy remained however in the past three years limited.[26] Only the starting-up of the, in the election campaign announced, alliance for jobs and a programme for the fight against youth unemployment were rapidly initiated after the coming to power. Above all the pension reform and in addition, the tax reform, were on the political agenda, which let the labour market policy move backwards in the priority list. This is also in connection with the quite favourable economic development till 2000, which led to a reduction of unemployment. From political calculation therefore an intervention through active labour market policy may be judged as not so necessary. At the end of the legislative period now the labour market policy-reform is tackled nevertheless, which is probably also with the pending election date in one year in connection.

For the institutionalising of jobrotation thus the priority-setting of the other policies (pension and tax revision) meant a delay. Now, since the active labour market policy seems to be on the today's political agenda, one can estimate with the

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23 Though in the practice the term "jobrotation" causes sometimes irritations, because the economical root of the term - rotation within an enterprise - frequently dominated.

24 election speech of 26.7.1998, http://rhein-zeitung.de/on/98/07/26/topnews/schroeder.html, 21.8.01; translation by the author.

25 cf. Schröders Governmental Declaration from 10th November 1998 http://www.germanembassy.fi/info/reg-erkl.htm, 21.8.01; translation of the author.

26 Even some delegates of the social democrats and the greens demanded further measures of active labour market policy in this summer (Tagesspiegel vom 26.7.01).

institutionalising of jobrotation. Because within the active labour market policy there is no other competitive policy (with comparable consent potential) for some years. Moreover, it is to be assumed that the Schröder government is under action-pressure in view of the forthcoming elections next year and the rising unemployment now. As the former governments, the Schröder government will be endeavoured to set own accents within the area of the labour market policy. Therefore it can also be expected that jobrotation will take now a prominent position in the governments labour market portfolio.

It can be noted that the meeting of the problem stream “unemployment and qualification need", the policy stream “positive sum game” and the political stream “government change” enabled the opening of a window of opportunity for institutionalising of jobrotation. Jobrotation became a serious suggestion, because it is very consentable, seems to be a positive sum game for all and can easily be communicated. For the political decision it may have been above all decisive that jobrotation is already applied successfully in other countries for some years.

7. Conclusion

The aim of the paper was to bring out the specific performances of the different actors constellations in the implementation and institutionalising process of jobrotation in Germany. Despite the rather more unfavourable institutional basic conditions compared with Denmark, the implementation networks succeeded in matching between the qualification requirement of the companies and the integration of the unemployed on the local level. An important catalytic role took over thereby the European Commission; by its co-financing it created the basis for jobrotation in Germany and supported the regional network formation. The mainstreaming networks and epistemic communities contributed on different levels and in different ways to the introduction, spreading and institutionalising of jobrotation. On each level a mediator can be identified, which transfers the idea or the model to other actors. With the help of the theory of the window of opportunity of Kingdon it could be finally explained why institutionalising of jobrotation became possible. According to Kingdon a window of opportunity however is opened only a relatively short phase and then closes soon again. Deviating to this the window for jobrotation seems to be open for already quite a while with the change of government. The active labour market policy had for a long time no priority on the political agenda of the new government. In addition, the absence of institutionally influential actors and/or a strong group of lobbies delayed the institutionalising of jobrotation after the change of government.

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Job-Rotation Schemes in Denmark: An Active Labour Market Policy Instrument Dependent on the Qualification Strategies and Economic Situation of Firms

John Houman Sørensen

Introduction

The title of the draft of this contribution to the WZB-workshop indicates some sophistication: instead of the usual promotion of "The Danish Model" of using Jobrotation as an instrument in active labour market policy, the ambition is to discuss how, where, whether and when Jobrotation is an effective instrument. To do so, the attention will be drawn to how it functions in relation to enterprises´ strategic qualification strategies, to their personel policy.

But before that, it will be necessary to carry "the small country burden", i.e. to try to explain the institutional framework in Denmark. In the first part of the following, the historical background, the interest coalitions having formed the institutional set-up facilitating a close cooperation between labour market- and educational policies - which for Danes are self-evident and taken-for-granted, but which it always is necessary to explain foreigners – will be explained. Those familiar with the Danish tradition could drop reading a number of the first sections - but they are necessary to present to avoid the interpretation that our beginning scepticism towards the Jobrotation-concept should represent any kind of arrogance.

1. The dominant discourse in Denmark

A broad consensus between the political parties and the social partners on the importance of CVT has since the 1960´ies been dominating in Denmark. This consensus has been based on the recognition of the relevance of training in order to prosper within a more competitive global market.

It is argued that CVT is a necessary pre-requisite for modernising industry, to meet the challenges of developments in Information Technology and to adjust to a high quality, flexible demand-led production system etc. (Sørensen 1990, 1996). In

addition to this, the impetus for training is also the need to maintain an above-average productivity level to support the comparatively high wage level within Denmark.

The consensus on the importance of training reaches *beyond the needs formulated at enterprise level*, a number of other priorities are also relevant.

1.1 The multiple targets of Danish CVT policy

State intervention and subsidies for training also aims at promoting labour market mobility through *Arbejds Markeds Uddannelse - AMU* (labour market training) which provides sector or branch specific CVT, for example, courses related to the process industries. Through participation in these broader courses, workers in low skill and low wage sectors have the opportunity to move into other sectors. Enabling such mobility indirectly supports structural modernisation and productivity growth. It also provides for the continuous updating of qualifications for workers whether they are skilled, semi-skilled or unskilled. Furthermore, AMU courses *are not limited to the unemployed*. They are also *available to employed people at a minimal cost* (while participating on an AMU course an employed person would receive a financial compensation equal to unemployment benefit) thereby providing a tool to prevent forcasted structural unemployment. The efficiency of the AMU system is an issue under discussion, but nevertheless the aims of the system are supported by the social partners, legitimising spending a significant amount of public funds on this scheme. In addition to the support given to the public provision of programmes aimed at promoting mobility and a well functioning labour market, is support for public expenditure for CVT in order to promote the modernisation and increased flexibility of single enterprises i.e. to giving priority to expanding and updating the skills of the adult workforce. There is, therefore, within Denmark a more general support for activities aimed at human resource development.

1.2 The corporatist model concerning training within Denmark

The consensus over the AMU system has rested upon the broad qualifications aims of the courses which should have *a nationwide, recognised labour market value* within a certain sector. Such aims were defined by bipartite committees with equal representation of the relevant employer and trade union groups. In practice, this has meant concentrating AMU support in the more technically advanced, expanding sectors.

For the trade unions such a system served their members' interests in promoting better paid employment. For the employers it supported their workers' needs to cope with technological change. There were, however, potential disadvantages for employers in that the not all of the skills provided to their workforce were specific to their own enterprise and were transferable, there was also an element of training in

more general subjects as a promotion of personal development. The AMU system has, therefore, pursued a number of goals:

- skills training and updating *(industrial policy)*
- increased mobility on the labour market *(labour market policy)*
- reducing unemployment *(employment/social policy)*
- encouraging general qualifications *(educational policy)*
  (Sørensen in Elson-Rogers (ed.) (1998a))

1.3 The corporatistic pattern 1: Within initial vocational education and training

Trade committees in the field of initial vocational education and training has often argued that technological-economical development trends implied the desirability of a quantitative expansion of the school quota of the alternance based apprenticeship-education – and/or of a qualitative renewal of the curriculum and the technical teaching equipment.

The general rule has been that the state – here the Ministry of Education – would support such ambitions. But of course only after having the needs further investigated, very often in the form of establishing experimental development projects, which then, after an evaluation might have shown them to be successful, could form the grounding of renewing the statutory education rules of a trade/ an initial vocational education.

The trade committees did the preparatory works, identifying the needs. It was based on their immediate knowledge of developments on the labour market, in technology and in marketing possibilities, prevalent in the different branches and sectors. Articulating these needs with arguments, pointing to the benefits, not only to the sector/the trade itself, but also to economic growth in general and to better education opportunities to young people did then bring the state into the process.

The state, the Ministry of Education, then took responsibility of – and financed – in-depth-qualification requirement investigations and development works, leading to a renewal of the initial vocational education and training-system. related to a certain branch or trade. Within initial vocational education and training this pattern, grounded on that what the trade union side and the employer side could agree upon, probably would also lead to a more general, societal benefit legitimising state support, has roots back to the 1937-Act on Apprenticeship (Sørensen&Jensen 1988). The importance of this corporatistic pattern grew gradually, especially after the abolition of evening classes and changing to day schooling 1956-1964 – and in the 1970´ies and 80´ies where the school quota of the total education length grew significantly and became very important to keeping up with technological change.

1.4 The corporatistic pattern 2: Within CVT, continued vocational training

Public organised and/or financed continued vocational training has developed much along the same lines as has initial vocational education and training – but started later.

In 1960 vocational training for those without a formal vocational education/trade skills were established with state paying 85% of the training costs, leaving it to trade unions, employers organisations and eventually municipalities to finance the rest. The target group were the unskilled and semiskilled segments of the labour force – and in its early development these training schemes, in Danish mentioned ”Specialarbejder-uddannelse” (Specialist-Worker-Training, later changing name to AMU-courses), primarily functioned as *re-allocation,* supporting the migration of labour-power from agriculture to manufacturing industry. It would be doubtful to mention this as *continued* vocational training, as most of the participants hadn’t had any previous vocational training at all. They became qualified to *mobility,* to avoid redundancy and to move from low productive to more productive, labour-demanding sectors.

This vocational training system also helped to integrate females and immigrants in the labour force in the 60´ies and early 70´ies where unemployment was very low and labour power in high demand. Public support to this ”Specialist-Worker-Training”/ AMU-system could therefore be justified in relation to several targets:

- Economic growth, due to the re-allocation of labour to more productive sectors – and support to these by reducing their recruitment- and training costs
- Preventing unemployment caused by structural changes
- Social justice – by opening training and education opportunities to groups, who haven’t had any education since finishing compulsory school

The last target has then later become of growing importance as the trade unions, especially those representing the unskilled and semiskilled workers, have demanded that a growing consideration should be taken to societal and general subjects in the curriculum of AMU-courses. To make state pay, an unanimity between the social parties were necessary – so the employers side had to accept to negotiate a compromise over this change of balance between the different targets of continued vocational training in direction of assigning a greater emphasis on ”social justice” and ”equity”.The above point could indicate a possible future split in the classical corporatist pattern, where the first step is a negotiated agreement between the social parties and the second step is that they in common try to convince state to fulfil their demands.

In case the trade unions pressed too hard on giving more space to ”social fairness”-targets, the employer organisations might find the price for getting their specific qualificational needs satisfied through the AMU-system too high. Instead,

they could turn to private suppliers or let their employer organisation set up sector-related continued vocational training, financed by levies. On the other hand, the trade unions might end up considering the employer organisations as too reluctant and/or too ”reactionary” what concerned giving a higher priority to more general targets. Hence, the trade unions might consider breaking the normal corporatistic pattern, drop negotiations with the employer organisations and instead go directly to the state – provided that the Government could be expected to be favouring ”social justice” and ”equity” as highly prioritised targets for the AMU-system. But concerning other targets, the common interests between the trade unions and the employer organisations are much more solid and profound:

1.5 The crucial importance of sector-relevant skills

It is the promotion of sector-specific skills, which are crucial in the process towards reaching a consensus. Here relevant AMU-courses represents a solution to the employers need of a qualified and updated workforce – and to the trade unions memberships need of acquiring skills, that can help them get and keep a job (Sørensen 1988, 1966). And it could be done at low costs, as there was no fee for participating in the AMU-courses – and as the participants receive remuneration, equal to the unemployment benefit rate.

- This implies that to the unemployed, participation in AMU-courses is free.
- To the employed, the difference between their normal salary and the unemployment benefit rate might be a cost. But it will not be a large one and most often the employer will cover the difference. This is the so-called ”filling-up-the-pay-packet”-principle. From the late 80´ies, this has become a right to a large part of the work force, formulated in several national and/or local tariff agreements.

Consequently, to most of the workforce the participation in AMU-courses would not represent an economic cost (but certainly other obstacles to participation in continued vocational training might be important). To the employers it would also be very cheap in a strictly economic sense to let an enterprise’s staff participate in continued vocational training – provided they find the contents of the AMU-Plan-Courses satisfactory. The AMU-Plan-Courses are those where the curricula is set up by the trade committees and accepted by the Ministry of Labour as giving “nation-wide recognised qualifications”. Furthermore, the AMU-system has gradually expanded to embrace more and more advanced job functions within the different sectors -– and especially within sectors which traditionally didn’t have a classical-apprenticeship-based skilled staff. In these sectors, the AMU-system has made it possible for unskilled adults to become trained/educated to perform jobs at a specialised, skilled level. Even in the classical skilled sectors, the position of the unskilled has improved at lot due to the possibilities, opened by the AMU-system. The very cheap and rather easy access – remembering that participation was open to as well employed as unemployed – to the AMU-system and the upward-mobility

and employability it performed did rather fast produce some envy among other than the unskilled. From its introduction in 1960 the AMU-system was exclusively for unskilled. Its success lead to demands from the trade unions of skilled workers to obtain similar possibilities.

A law on that was passed 1965 (and in 1985 the target group was expanded to technicians and some other groups with shorter, tertiary education – but not to public employees, who only were taken into the target group in 1994). The consequence of the 1965-legislation was that AMU-training/education for groups of technical, commercial or clerical skilled workers would take place, not at AMU-centres, but at Technical and Commercial Colleges, which, as institutions, belongs under the Ministry of Education.

In order clarify the specific Danish terminology:

> The AMU- (Labour Market Training &Education)-legislation is the domain of the Ministry of Labour. Financing and monitoring the AMU-system as a whole is the responsibility of the Ministry of Labour, performed (nowadays) by AMS, the Labour Market Authority, under which auspices the 23 AMU-centres, delivering the lion's share of the AMU-courses. But an important share of the AMU-courses is delivered by other educational institutions, especially the Technical and Commercial Colleges under the Ministry of Education. Lately, following the take-over of the new, liberal government in Denmark November 2001, all AMU-activities are now under the Ministry of Education.

1.6 The development of corporatism in Danish continued vocational training-policy up to 1985 – and the symptoms of crisis for the consensus

The gradual development of common interests concerning continued vocational training between the trade unions and the employer organisations rested primarily on the concept of finding a common denominator of sector relevant skills – so that acquired qualifications would meet nation-wide recognition – The AMU-Plan-Courses.

The trade unions would generally pursue that the AMU-courses in each of the different sectors also should be oriented towards the qualification needs in the more technologically advanced – and therefore expectedly also the most expanding – enterprises, as this would open more and better future employment opportunities to their membership. Most of the period until 1985 the employer organisations, represented in the trade committees pursued the same political line; the employers representatives came mostly from the larger and more technologically advanced enterprises. But still, the consensus between the trade unions and the employer organisations, were based on promoting mobility, which consequently follows from constructing the curricula of the AMU-courses aiming at a common denominator of sector relevant skills, leading to a certificate with nation-wide recognition. To the single enterprise, this meant that, besides achieving some skills with unquestionable,

direct enterprise-relevance, the employees would also acquire skills relevant to employment in several other enterprises in the sector – and this could imply problems in maintaining the staff. Employees with newly updated skills could be poached by competing enterprises in the sector. This might be one possible explanation behind a diminishing employer interest in continuing to support the previous consensus.

Another could be the high rate of unemployment in the mid-80´ies; this might imply that local shop stewards would accept more narrowly enterprise-specific courses. Finally, the Government at that time wanted to liberalise continued vocational training, reducing ”stiffness”, ”trade boundaries” and ”organisational bureaucracy”. A door to other suppliers than the normal public was opened by the ”Open Education Act” (1985) and, as a part of the same years revision of the ”AMU-Act”, the AMU-centres were opened for (partly) customer-paid-courses, eventually aimed at only one specific enterprise’s qualificational needs. Following the same policy, the interest in AMU-Plan-Courses were somewhat reduced. The term “Plan” wasn’t being at a premium in those years and instead market – or, more precisely: demand-led – solutions were looked for. Innovations and new demands should come bottom-up, directly from industry. Consequently, planning from centralised trade committees became less interesting from the point of view of Government; at least both sides in the trade committees complained about the crimping support for development projects, qualification requirement analysis and experimental activities. When the social partners in different sectors started establishing Education Funds in the late 80´ies, the purpose wasn’t to set up and run their own sectoral continued vocational training; for that purpose the AMU-system was still satisfactory (and very cheap). The purpose was oriented towards *the development and renewal* of as well initial as continued vocational training as set up by the corporatistic arrangement – and the motive was dissatisfaction with the weakened state support to development- and renewal-activities.

But besides this legitimation of public expenditure on CVT, oriented at supporting *mobility* and a *well-functioning labour market,* there is also widespread support to use public money on supporting CVT, promoting *modernisation and increased flexibility* in the single enterprises. In other words, also to give high priority to expanding and updating the skills of the adult workforce. Hence, the desirability of promoting educational planning (also at enterprise level) and supporting increased “investments” in “human resource development” has also, since the late 80´ies, become part of the common discourse. These different purposes have been pursued in combined reform strategies and innovations in labour-market related educational- and employment policies:

1. “job offers” as part of “activating programmes” for unemployed, where the labour market authority after a certain period of redundancy, differentiated after age groupings, are obliged to set up an “activation plan-of-action” combining training/education and work practice (“real work”, either lasting 7

month by public employers or 9 month by private employers (since 1989) ("Job training for unemployed")

2. expansion of possible fields and bettering of possibilities of establishing adult apprenticeships, in Danish *voksenerhvervsuddannelser,* abbreviated VEUD in the following.("Upgrading of unskilled/disadvantaged in the labour force")
3. combining the two above points through *job rotation,* where unemployed, after having received introductory training, during their 7/9 months work practice replaces members of an enterprises permanent staff during the school periods of the latter, participating in VEUD or in other CVT-programmes.("Job training *and* education")
4. these combinations are also supported in their implementation by *"paid educational* leave *schemes*", either set up by the state/legislation (*uddannelsesorlov- VUS)* - or through collective agreements, where around half of the Danish labour Force at the moment has a right to one or two weeks CVT pro year while maintaining nearly full normal wages. ("Rights to paid educational leave for the employed")

"Practice places" for unemployed, as part of a "job-rotation arrangement", has as a precondition that the unemployed already must have acquired relevant qualifications, also enterprise-specific, to step in and replace members of a firms permanent staff. Having solved the replacement problem, permanent members of staff can then participate in CVT or VEUD. A second precondition is that management and employees (and their shop steward/local trade union club) must have a positive interest in setting up CVT/VEUD-schemes in their own enterprise.

The latter implies *that the CVT (and VEUD)-supply must be experienced as desirable by both parties on enterprise level* - and this represents a change away from the earlier orientation of the AMU-system from being primarily towards *the sectoral level* – over to become more enterprise-related. This orientation has - since the Labour Market Education Act from 1995 - become increasingly "*demand oriented"* (and the different interpretations and implications of this will be explained further on). Support can also be given to "Job rotation projects", allowing enterprises to have well-trained "substitutes", while members of their permanent staff are away on CVT-courses, at rather low costs. Furthermore, in a lot of occupational fields, which didn't earlier have their "own" IVT (apprenticeship/alternance-based) such IVT´s have within the last 5-10 years been established, and have, following a legislation from 1992, also become open to adults. The "adult apprenticeship" version (Danish abbreviation: VEUD = Voksen-Erhvervs-UDdannelse) is rather favourable to formally unskilled, employed workers ; if their employer also is interested , a contract for an adult apprenticeship education, lasting 2-3 years, will be set up .

Out of for example a 2-years VEUD as "process operator", around 30 weeks are spent at Vocational School, implying no costs at all to the employer - and if necessary, a substitute during the school period could be subsidised with 35-40 DK.KR pr. hour. During the appr. 1 1/2 year of "practice training" the VEUD-trainee

will stay in his own firm. He will have to do (and learn) some other task/job function than he used to - but will certainly still be able to contribute to production during the adult apprenticeship. Training costs, even including an eventual replacement during school periods, are therefore rather low. If an employer is interested in this type of upgrading of staff members, experiences has shown that it can be done with practically no net expenditure (or even with a surplus), using the VEUD-scheme. *Job rotation schemes are therefore very favourable* when and if *the enterprise (and its staff) has a genuine interest in upgrading the skills of the staff in a broader sense - as the AMU-system is only free of tuition costs, as long as the curricula for recognised "plan-courses" are followed (and the same goes of course for VEUD); in case the firm wants that only enterprise-specific skills should be taught , it would have to pay the full costs. But for unemployed "substitutes", there AMU-training could be made "enterprise-directed" and it will, besides teaching at the AMU-center, include practice periods in the firm before they become actual "replacers".* Under all circumstances one of the often mentioned obstacles against educational planning and staff-CVT, that it is very hard to miss key-employees in the running of business, could be eliminated by well-functioning job-rotation schemes (Sørensen (1998b) in Grünewald & Moraal).

1.7 Struggles and learning processes as explanation of the policy formation.

Above was mentioned that the actual status ought to be seen as a result of a seemingly "incidental" process, resulting from the interaction of many actors at different levels and with different aims. Following the four aims/perspectives mentioned above, they could also be related to the "division of tasks" within the state apparatus, where the "prime movers" could be:

I. The Ministry of Industry
II. The Ministry of Labour
III. The Ministry of Social Affairs
IV. The Ministry of Education

Each of them takes initiatives - and each tries to co-ordinate/ integrate them with the policy of other ministries, but trying to put their own perspective in a dominating - and the perspectives of the other Ministries in a supportive - role. But in the implementation also decentralised/regional authorities and the social partners (both at central, regional and local level) plays an important role in determining the outcome - often despite of the intentions of the original decision-makers. As an example: *job rotation in Denmark was not initiated by means of law, describing the possibility or the legality of such arrangements!* But the possibility of establishing *job rotation* "occurred" as in 1989 the Ministry of Education initiated a law on "Adult Education Support" (the VUS-Act), defining economic support possibilities for participating in (primarily) general adult education and CVT - and the Ministry of Labour at nearly the same time initiated the law on UTB/ATB (compulsory offers of education and/or job training to unemployed). Soon after "somebody" at the grass-root level - trade-unionists, teachers and administrators from adult education

institutions, regional labour market administrations and so on - found out how nicely the economic support possibilities of these two laws could be combined to - *job-rotation-arrangements!*

The resulting education to unemployed were delivered to 65% by AMU-Centres, 34% by VUC (general adult education centres) an evaluation in 1993 showed. Later, the initiative moved over more to the Ministry of Labour, who in 1994 - and in accordance with the over-all politics of the new socialdemocratic lead government, taking power January 1993 - initiated the legislation on paid leave - for education or for parental or sabbatical purposes. Already in 1994, 80.000 persons made use of the possibility of educational leave (and even if it of course is uncertain, it is estimated that 60% were "replaced" in their job, so that "educational leave" made a substantial contribution to reducing unemployment figures. This also meant widened possibilities for "job-rotation-schemes"; the number of persons involved were:

Number of participants (full-year-equivalents) in "Job-Rotation"- arrangements pro Year in Denmark *(Before 1993: statistics were not collected/ were not reliable)*

	Unemployed/"Substitutes"	**Employed**	**Total**
1993	*1000*	*4000*	*5000*
1994	*6000*	*12000*	*18000*
1995	*8000*	*21000*	*29000*
1996	*6000*	*30500*	*36500*
1997	*3500*	*16000*	*19500*
1998	*5200*	*22000*	*27000*
1999	*4500*	*19900*	*24500*
2000	*1800*	*7000*	*8800*
2001(up to 01.10)	*1000*	*6500*	*7500*

In the peak year of involving unemployed, 1995, "Job-Rotation" employed/trained 8000 as "substitutes", implying that appr.2-3 % of all unemployed that year got activated through "Job-Rotation". The total number of participants in "Job-Rotation", in 1995 and 1996 around 30.000, counts for as much as appr. 1 % of the total labour force in Denmark. - *but since then a tendency towards a reduced volume has shown!* Another remarkable change is the ratio between participating employed and "substitutes":

- in 1994 it was 2:1
- since 1996 it has grown to over 5:1

These changes will be commented later on. But the 1995- Labour-Market-Education-Act had also lead to a regionalisation of funds for Labour Market Training (AMU-courses); in 1996 a total of 9 billion DK.KR. were distributed through the Regional Boards of the Labour Market Authority (RAR - administrating all parts of "active labour market policy"). This has meant a closer "intermixture" of the purposes of respectively using AMU to reduce unemployment and to support regional enterprises demands for qualified labour - and also ambitions of trying to motivate enterprises to make educational planning. To educational planning on enterprise level support could be achieved from the Central Labour Market Authority (AMS) and for

development projects, support could be applicated for by using of the scheme of the Ministry of Industry for promoting “Human relations in the work-place”. But to construct such “mixtures” isn’t easily handled by the normal authorities - and hence several more “creative” sub-agencies, having combined consultants expertise and relations and knowledge about more than one of the potential sources of project-financing, have been set up. Such agencies includes, of course, also consultants/experts/representatives from the providers of adult and vocational education, i.e. from AMU-centres, Technical Colleges, Commercial Colleges, VUC´s etc. – and from more independent, semi-public and non-profit organisations, like the AOF, the Labour Movements Education/”Enlightment”-Federation. But even if regionalised, this haven’t meant a total departure from the earlier “corporatistic” model as the RAR are constituted by 1/3 employers representatives, 1/3 trade unions representatives and 1/3 municipal representatives. These boards represent a guarantee that the superior orientation still is *to combine qualificational policy and active labour market policy* - but of course also with a view to what in particular could promote regional industrial development! Constructing relatively independent “sub-agencies” (self-owning, non-profit etc.) could more be seen as means of creating administrative flexibility and “responsiveness”, shaping ability and capacity to take advantage of support possibilities from other Ministries (and from the EU Social Fund etc.) and not only from the formal “master” of RAR, the Ministry of Labour.

In this way the tri-partite RAR´s represents new for a for articulating and aggregating the four interest dimensions, where the balancing between the four aims will differ according to the regional circumstances.

2. Conditions of the usefulness of Jobrotation as one of the instruments in active labour market policy

Since the entuiasm over the succes of Job-Rotation-Schemes in the first half of the 90´ies, some moderation has occurred. It is based on reflections over the importance of the general reduction of unemployment, combined with the fall in total volume of participants in Job-Rotation-Schemes, accompanied by the growth of the ratio employed/substitutes to over 5:1.

Reflections over whether Job-Rotation-Schemes are less useful/effective might depend on the employment situation in general and/or on changing personel policies in the enterprises. They cannot be based on the aggregated data as such left alone, but need to be supplemented by surveys and/or case-studies at enterprise-level. Even if this cannot yet be said to have been done in a scientific satisfactory way (concerning the case of the development in Denmark) there still are some evidence that could allow some preliminary conclusions and specification of the conditions for using Job-Rotation-Schemes as a combined employment and education-/qualification policy instrument. The basis of the following reflections are case-studies

over a number of project, oriented at promoting educational planning and CVT-activity on enterprise-level, be they based on Job-Rotation-Schemes or on other schemes.

2.1 Job-Rotation-Scheme-Evaluation study from DTI

One of the studies were performed by DTI (Skrubbeltrang 1999), evaluating 26 Jobrotation-projects, distributed in 3 RAR (Regional Labour Market Authority)-regions. Common for the 26 enterprises evaluated were - in personel-policy-terms:

- need of *maintaining,* eventually *expanding* staff
- need of *upgrading* the existing staff

But recruitment was seldom mentioned as the prime motive for engaging in Job-Rotation-Schemes. The targets/motives that explicitly indicated were:

- HRD (maintaing staff, developing/upgrading staff) 13 enterprises
- Recruitment 2 enterprises
- Both targets 9 enterprises

According to the employer´s evaluation, the substitutes became able/qualified to replace members of the permanent staff in 10 of the enterprises, partly qualified in 14 of the investigated enterprises – but nevertheless 22 of the enterprises did later on employ some of the substitutes. Counting for the whole population in the 3 RAR-Regions, the record of the Job-Rotation-Scheme concerning re-integration in the labour market was fairly good:

- 39% of the substitutes became employed in the training enterprise
- 25% of the substitutes became employed in other enterprises

But a closer examination of the labour-market value of this demands an investigation of to what tasks/job functions the substitutes were allocated (and have become qualified to) ? Are they just a new source of the numerically flexible work force in the enterprises, placed at the bottom of the chain?

2.2 Case-studies by VEMS and CARMA

The DTI-1999-Study gives some indications in this direction and is in this respect being supplemented by some 20 other case-studies, which has been performed by VEMS. The VEMS-case-studies has – unfortunately – not yet been reported in full in other languages than Danish, but the results of them are discussed in a couple of articles published in English (Abrahamsen e.a. 1999, Sørensen e.a. 2000, Sørensen & Sommer 2000). The relevance of the VEMS-case-studies are – in this context – that they are oriented towards enterprises promoting educational planning, staff training and CVT-activties and thereby allows for comparisons between enterprises

using and not using Job-Rotation-Schemes - and to identify characteritistics of the accompanying personel policy strategies in the enterprises.

The concept of flexibility-strategy

Starting out from a modified version of Atkinson´s (1984, 1986a, 1987, 1989) terminology, a distinction between 3 main types of personel policy strategies has been the foundation of research at CARMA, Aalborg University (Jørgensen e.a. 1990):

- Numerical flexibility
- Temporary flexibility
- Functional flexibility

Numerical flexibility, to be considered as an independent type of strategy, must imply that only a minority of the average size of the work force can be considered as the ”core work force”. For enterprises primarily following this type of flexibility strategy, a Job-Rotation-Scheme could hardly be of any interest. Among the occasionally employed the more motivated and qualified could be selected and internally trained to replace/expand the core staff. Employing a Job-Rotation-Scheme would bring few advantages and could harm the maintenance of the habitual marginal work force, probably more accustomed and pre-trained to the enterprises job functions than ”substitutes”, recruited over a Job-Rotation-Scheme. The field of relevance for Job-Rotation-Scheme ought to be looked for in enterprises, following one of the two other personal policy strategies: Temporary flexibility or functional flexibility. In both cases, the classification depends on the *dominant* strategy of achieving flexibility, and does not exclude that numerical flexibility, i.e. ”hiring and firing”, is also part of the personal policy – but only in relation to smaller share of the work force.

In other words, the ”core work force´s” relative share of the total work force is larger in both of the latter personal policy strategies – and the interesting matter is whether Job-Rotation-Schemes can be useful instruments for enterprises intending to expand (absolutely or relatively) and/or to upgrade the ”core”?
The following descriptions of theoretical assumptions/reflections has been supported by the VEMS-case studies (Abrahamsen e.a. 1999., Sørensen e.a. 2000, Sørensen & Sommer 2000).

The usefulness of Job-Rotation-Schemes to enterprises, based on temporary flexibility

Enterprises applying temporary flexibility are often depending heavily on internal training, on enterprise-specific qualification acquired by the members of staff by following a career ladder, allowing on each step to learn ”on-site” some of the qualifications demanded on the next step. But external training could be used as a

supplement. There might be some specialisation, as one single ladder isn´t a necessity – the ladder might be divided up in a number of different branches. The important matter (in this analysis) is that replacing some of the employees in the upper part of the career ladder(s) by someone placed lower in the same ladder is very difficult – or at least would imply rather large losses in productivity. To avoid replacing those employees with positions high on the career ladder, enterprises prefers to give them high payment for performing over-time-hours (= temporary flexibility!). The enterprise´s costs by doing so is far smaller than the costs of a decline in productivity, of a sub-optimal utilisation of the capital equipment. But replacements *in the other direction* is possible – and a realistic outcome during low season/low demand for the enterprise´s products or services. Those in the upper positions on the career ladder has earlier – on their own way upwards – performed well on some of the lower steps of the ladder.

In case of a recession/decline in demand, the enterprise would probably share a common interest with the more experienced/qualified in the core work force in letting some of them move a step or two backwards, thereby starting a chain reaction, finally pushing out the least qualified/ the latest hired/"newcomers". This pattern of personel policy strategies in enterprises where "temporary flexibility" is predominant implies that *"substitutes"*, entering such an enterprise as part of a Job-Rotation-Scheme, could only expect – temporarily, during high/expanding activity periods – to be put in on *the least demanding, least qualifying job position !* In this way "substitutes" maybe could support a "speeding-up" of the move form "entrance level" to "entrance level+1" of some of the previous latest "ordinary" hired employees – and thereby supporting the strategic development plan of an enterprise, forecasting a rapid growth in future demand of its products/services. Likewise, a Job-Rotation-Scheme could be useful to an enterprise, conscious about that within the next 5-10 years a large share of the contemporary most qualified staff will retire – and that a "speeding-up" of the process of qualification-reproduction therefore is important to achieve. But *only in* such, rather *extraordinary, cases* as the above mentioned *would the use of a Job-Rotation-Scheme in enterprises, dominated by Temporary flexibility, make some sense*. Furthermore, it could be a matter of controversy whether it could be considered as fair to give an unemployed an offer of becoming a "substitute" in a job position with rather low qualificational demands and a low development potential? And, especially important, probably a rather enterprise-specific qualification and with a low and doubtful transfer value in a broader labour market context?

The usefulness of Job-Rotation-Schemes to enterprises, based on functional flexibility

Using Job-Rotation-Scheme as a "Columbus-egg" for solving at one and the same time short-term manpower needs of the enterprises, upgrading of the work force and the reintegration of unemployed, seems therefore (in general – with the few exceptions mentioned above) *only* to be a realistic possibility *in enterprises*, *building*

their personel policy strategy on functional flexibility ! Enterprises of this might plan to expand the ability of their staff to function at a certain (higher) level of horizontal and vertical functional flexibility – in a relative as well as an absolute sense. In case an enterprise wishes a relative growth of its ”core” staff (qualified for functional flexibility) from say 50% - but at the same time expects a reduction of the total staff to 90% of the previous – this *might* be supported by applying a Job-Rotation-Scheme. The 10% reduction in total would not have involved the ”core”; it will reduce the employment of the unskilled with 20%. But the rest of the unskilled in the staff (= 30% of the original staff) could then be upgraded, by participating in CVT-courses etc., while being ”substituted” in their hitherto low-skilled job-functions. But normally, and taking the desirability of avoiding to damage ”industrial relations” at enterprise level too bad – the ”substitutes” would normally be found among the ”insiders”, not among the unemployed.

Once again, *only in the case of expanding* as well relatively as absolutely the number in the staff, qualified to perform at an augmented level of functional flexibility, *the Job-Rotation-concept seems to be able to produce a sum-plus-game, not only at an enterprise-, but also at a societal level !* In case of such a need for expansion – at the same moment augmenting the qualifications of existing staff and recruiting new employees, also expected to become able to operate on the planned functional flexibility-level – ”substitutes” would be given tasks of a qualification-demanding character. Consequently, a Job-Rotation-Project in this case would demand a rather long-lasting and deep pre-qualification of the ”substitutes-to-be”. Furthermore, to try to follow this route/strategy for solving an enterprise´s needs of staff upgrading presupposes that relatively well qualified and motivated ”substitutes” could be found among the ranks of the registrated unemployed.

2.3 Societal conditions for enterprise use of Job-Rotation-Schemes

This presupposition was fulfilled during the period with high unemployment. But during the last years, from at least around 1998, there have been many complaints from the employers side over growing difficulties in finding ”qualified and motivated unemployed” as substitutes when trying to establish Job-Rotation-Projects. This could be part of the explanation of the reduced popularity of Job-Rotation-Schemes in Denmark. Enterprises maybe prefer to recruit at their own discretion and are less ”tempted” by the economic advantages by a Job-Rotation-Scheme, when the selection of unemployed is reduced! *(Sørensen 2001).* This could explain the decreasing absolute number of persons, employed as well as unemployed, involved in Job-Rotation-Schemes per year. But what is the explanation behind the other important change that has taken place: The change in the ratio, from around 2 employed per 1 unemployed/”substitute” – over to 5 or more employed per unemployed ”substitute”?

Different strategies behind the implementation of Job-Rotation-Schemes

Basically, the case-studies makes it possible to identify two different (ideal-) types of implementing the Job-Rotation-concept:

1. The projects with a *low* ratio points to a selective upgrading of an enterprise´s staff – where the CVT-activity is targeted at the unskilled members of the staff, intending to promote them to a skilled level. During their participation in CVT-teaching at AMU-centres or Technical Colleges, they are replaced by ”substitutes”, participating in the same CVT-teaching at other times – and doing their ”practice training” during the time, they functions as ”substitutes” in the enterprise. Both the employed and the ”substitutes” do in this way achieve skilled qualifications – often using the VEUD-scheme (Adult Apprenticeship Scheme).
2. The projects with a *high* ratio points to a general, but not very thorough, upgrading of most of the employed staff. Relatively few ”substitutes” becomes trained to replace in a relative great number of different, but all rather low demanding job functions. A rather long ”preparation period”/training of the ”substitutes-to-be” is therefore not an indication of an authentic upgrading of the qualification level of the substitutes – and the high ratio then, furthermore, implies that each member of the permanent staff participates in short, 2-3 weeks CVT-activities, often of the ”organisational type”, oriented towards promoting ”increased responsibility and co-operative attitudes”.

Both types of Job-Rotation-Projects (and types in-between these two poles) have been implemented side-by-side, but with varying volume, during the whole 10-12-year period, where Job-Rotation-Schemes has been applied in Denmark.
An early example, from 1991, concerning an enterprise named ”Fibertex”, of the second type is described in the box below:

> At the first occasion, 1991-92, the initiator was AOF (Workers Movements Organisation for Adult Education and “Enlightenment”) through which the shop steward from “Fibertex” became aware that there was a possibility of combining the UTB/ATB-law (on educational/job-training offers to unemployed) with the VUS-law (economic support for educational leave).
>
> The scheme set up implied that around 120 of the approximately 180 unskilled operators at Fibertex between dec.91 and oct.92 participated in education in voluntary, freely elected general subjects in 3-weeks-courses, aiming at breaking downs obstacles against education and personal development.
>
> This became possible because prior to dec. 91, 12 long-time unemployed persons had been educated/trained to replace the 120 permanent staff members, each being away for 3 weeks.
>
> The training of the 12 unemployed, starting early 1991, consisted of 31 weeks “process industry AMU-courses”, including 12 weeks practice training at “Fibertex”. After finishing that, all 12 got a “job training offer” lasting 9

month at “Fibertex”. In this way, the costs of the project were very low for “Fibertex”.

The point is that the *overall change to a much higher ratio of employed/”substitutes since 1996* indicates that the second type of implementing the Job-Rotation-Scheme, as illustrated above in the ”Fibertex”-case, has gained importance (Sørensen 1998b).

2.4 Possibilities and limits of Job-Rotation-Schemes as an instrument of active labour market policy

Relating this to the *societal* targets, the development in Denmark points to a move, placing

- *more* focus on some – limited – upgrading of *the employed*

and

- *less* focus on the re-integration of *the unemployed*

Summing up, the Danish experience – although with a lot of precaution and reservations – with Job-Rotation-Schemes, seems to point to some limits of their ”utility”, depending upon:

a) the conjunctural situation in general (functions better under high unemployment periods)
b) the situation on the sectoral/regional labour market segment – in particular
c) – and has its relevance primarily for enterprises with :
   1) stable or growing employment
   2) with a strategic orientation towards functional flexibility
   3) accompanied by a need for upgrading

Mentioning these limitations should not be misunderstood - Job-Rotation-Schemes has been and still is a very fine and usable instrument as part of an active labour market policy! The conditions mentioned above are those which can make it possible to integrate targets of industrial policy, employment policy and educational policy, setting up a plus-sum-game at as well enterprise level as at societal level. Even if all these conditions are not at hand at a given moment, the effect of using Job-Rotation-Schemes could still be positive. It will only become *problematic* in case that it is *only the possibility of constructing a plus-sum-game at enterprise-level*, that becomes the yardstick (Sørensen 2000c). It is more important to consider the general features of the system of which Job-Rotation-Schemes are a part, the institutional set-up:

- **Not** to restrict labour market training/CVT-activties , initiated by a Job-Rotation-Scheme, to solve short-term mis-match-problems
- but to orient them towards overcoming ”market failures” in a long-term-oriented HRD/qualification upgrading of the whole work force –

and thereby establishing a plus-sum-game – also at a societal level !

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Job Rotation in Finland: National and Local Experiments

Jouko Nätti

1. Introduction

EU JobRotation-association defines the principle of job rotation as follows: The employed participate in supplementary training, while an unemployed trained for the temporary job takes over the vacant jobs becoming a substitute. In practice, job rotation may have different forms, e.g., combined with internal job switching, single man rotation, as part of a general education and training strategy in the company, transnational job rotation, "educational spiral" or job rotation with participation of employees from several different companies.

1.1 Societal background

Economic development

During last 15 years, economic development has been very unstable in Finland. In the late 1980s there was an economic boom period in the Finnish economy (annual GDP growth was 3.3% 1985-1990). This boom period was followed a deep recession in the early 1990s. During the period of 1991-1993 the Finnish GDP shrank by 12%. The depression of the early 1990s led to rapid changes in employment. Between 1990 and 1994, the number of the employed dropped by approximately 440,000 individuals, or around 18% (Julkunen and Nätti 1999).

From 1994 onwards, the economy has been in recovery and employment rates have once again risen. Between 1994 and 1998, the real GDP increased by 23% whereas employment increased by 10% (or 200,000 persons). Thus, nowadays Finns produce a much larger GDP with fewer employees as compared to the situation in 1990. The productivity indicators indicate the same picture.

Most of the new jobs were created in the private sector. As the demand for labour has revived, problems with labour shortages have increased especially in sectors experiencing rapid growth, although on the whole the supply of labour is still good. In 2000, about 30% of the workplaces, which sought to recruit new employees,

had trouble finding what they needed, and about 9% were unable to recruit as many people as they would have liked. The corresponding figures for 1999 were 23% and 7% (NAP 2001). Recruitment problems were usually caused by the demands for training and previous work experience placed upon candidates, and the need for special skills in excess of standard vocational skills.

Unemployment

Due to the unstable economic development, the unemployment rate has fluctuated enormously throughout the 1990s. Between 1990 and 1994, the unemployment rate soared from 3.5% to 18.0%. Since 1994, the unemployment rate has slowly improved, and in 2000 it was at 9.8% (or 253,000 persons), according to figures provided by the Statistics Finland.

During the recovery period, the structure of unemployment has been changing, with an increasing trend toward long-term unemployment, joblessness among women and rising education and qualification demands. From the 1960s to the mid-1990s, the unemployment rate was lower among women than men in Finland; since 1996, however, the situation has become reversed. For example, in 2000, the unemployment rate of women was 10.6%, while for men it was 9.1%.

Long-term unemployment (a period of unemployment lasting more than one year) has become the main structural problem within the Finnish economy. As many earlier studies show, the longer the spell of unemployment, the lower the probability of the individual concerned finding work. Furthermore, long-term unemployment is primarily a problem affecting older and less educated workers. All in all, the educational demands of new jobs are noticeably higher than the educational levels of the unemployed. In 1996, the percentage of job seekers with no education beyond the basic level was 42%, while the share of open jobs for which a basic education was sufficient was merely 18% (Suikkanen and Linnakangas 1998).

Increase of atypical employment

In the 1990s the labour markets became more selective. Private and public organisations learnt to avoid fixed costs and commitment, and instead demanded more flexibility from the workforce and other production factors. The new practices of utilizing the workforce can be seen as a change toward more precarious forms of employment. Between 1989 and 2000, both the proportion of part-time (from 7% to 12%) and temporary work (from 12% to 16%) increased among Finnish wage and salary earners, according to labour force studies. In comparison to other European countries, the proportion of part-time work remained quite low in Finland: the EU average was 18% in 2000. The percentage of temporary work in Finland was second only to Spain; the EU average was 11% (Employment in Europe 2001).

All in all, the economic crisis produced a shift toward atypical patterns of employment. Whereas in 1989 the proportion of typical forms of employment (full-time and permanent) were 81% in 2000 that number dropped to 75%. This shift is most visible among young workers and in new employment contracts. It is impossible to say at this time whether these new levels have stabilized or whether the percentage of atypical employment will continue to increase.

In the context of the subjective expectations of wage workers, feelings of job insecurity were at the highest in 1993, when only 27% of employed men and 24% of women believed that they - while being unemployed - would find a job that corresponded to their occupational skills. In 2000 those numbers increased to 75% and 68% respectively (Ylöstalo 2001). In Finland, insecurity has been replaced by new worries; people now tend to feel rushed, which is reflected in the title of recent research report ”Efficient, More Efficient, Exhausted” (Lehto and Sutela 1999). However, the employment situation may again change rapidly depending on the development of the world economy.

1.2 Education levels and access to education and training

Lifelong learning has long been a key principle in Finland's strategy for growth, competitiveness and employment. All those leaving comprehensive school have the opportunity to take vocational training or go on to upper secondary school after completing their basic comprehensive education. In recent years, about 17% of the age cohorts entering the labour market have not had a post-comprehensive education. Some of them will go on to complete post-comprehensive education later. In the older age groups, this percentage is much higher: 36% of those aged 45-54 and 56% of 55-64s have no post-comprehensive education. Therefore, in recent years, there has been a particular focus on raising the skills level of the middle-aged population to meet the demands of rapid technological advances.

Participation of young people in upper secondary and tertiary level education

Participation of young people in upper secondary and tertiary level education is very common among those aged 15-19 years: most (85%) Finnish young men and women participate in education and training in this age group. In the next age group (20-24 years old) participation in education and training declines among men to 43% and among women to 53% while the employment becomes more common in this age group. Among those aged 25-29 years, about 30% of men and women participated in education and training in 1999/2000, which is much higher than the EU average (18%). The proportion of employed was among men 82% (EU 81%) and among women 67% (EU 66%). Thus, also in this age group Finnish young men and women are more often combining work and education compared to EU averages. One explanation is that participation in training and education while working is more usual

in Finland in all age groups compared to EU averages: investments in human capital is seen in Finland as a national strategy.

Education attainment levels

Education attainment level is quite high among Finnish population aged 25-64: 30% of men and 38% of women have tertiary (university or equivalent) level education (high); 44% of men and 40% of women has completed upper secondary education (medium), while 26% of men and 22% of women has less than upper secondary (i.e. only compulsory schooling) education (low).

In European comparison both Finnish men and women in particular have higher educational attainment level compared to EU average. As said earlier, investments in education has been a national strategy at the macro level. At the household level, a better education for the children compared to their parents has been a cultural norm and way of achieving better socio-economic status. One consequence of the high educational level of women is that it long education usually implies willingness to full-time working.

Nowadays Finnish women are better educated compared to men. However, the segregation between educational fields is large: female students are over represented in social and health studies, men in science and technology. Besides gender, differences between age groups are obvious. Vocational education has expanded since the 1960s, higher education since the 1970s. Thus, in the oldest age groups (50-54 years old) almost 40% of population has only the lowest education. In the younger age group (30-34), the corresponding figure is about 10%.

According to the Third European Working Conditions Survey (2000), most employed Finns (92%) felt that their skills match the demands imposed by the job (the European average was 84%). Only small proportion of the Finnish respondents felt that the demands are too high (3%) or too low (5%). However, there was some variation between the age groups: on the one hand, older employees (55+ years) slightly more often felt that the demands are too high (5%), on the other hand young employees (15-24 years old) felt more often that the demands are too low (14%) compared to the national average.

Regional differences in education attainment levels

Differences in the education level of population in NUTS 2 regions in Finland are quite small. One of the main goals of education policy has been to offer equal education possibilities in different regions. However, in the 1990s there seems to be increase in regional differences also in educational level of population, partly because of the mobility of younger population from Eastern and Northern to Southern

part of Finland, and from countryside to urban centres. The overall picture is - according to the EU labour force survey - that level of education is highest in the Helsinki area (Uusimaa).

Participation in adult education

Participation rates in adult education are high in Finland compared with the EU and OECD averages. In 1998, 57% of Finns aged 25-64 took part in some form of adult education, with women generally being more active than men. People's basic educational level, labour market status and age are strongly linked with their tendency to take adult education. About 80% of people with an academic degree participated in adult education, 60% of those with upper secondary school or secondary vocational school qualifications and 35% of those without post-comprehensive education. More than two in three employed people took adult education, while only one in three unemployed people did so. Furthermore, participation in adult education falls in the older age groups, with a particularly drastic drop after the age of 55.

Access to continuing vocational training

The situation in continuing vocational training is quite similar as in adult education. According to the European Community Household Panel (ECHP 1996), 57% of women in employment and 54% of men had received some form of vocational training during the previous year. Compared to the EU average figures (women 24%, men 23%) participation was two times more common in Finland. Differences between genders and age groups are minor in Finland while in many other EU countries the rate of participation in vocational training falls with age. On the other hand, duration of courses was shorter in Finland compared to the EU average figures.

Results from the Third European Working Conditions Survey (2000) are quite similar: 54% of employed Finns participated in training paid for or provided by the employer (or the self-employed) over the past 12 months, the EU average was 31%. According to the Finnish labour force survey (1998), 42% of wage and salary earners took part in staff training. Training lasted four days on average. The highest proportion of participants was found among 35-44-year-old people with a higher education degrees, managerial employees and employees working in large companies with a payroll of at least 200.

Labour market training for the unemployed

Historically, labour market policies in Finland were designed to sustain employment through active measures rather than passive income support. Until the 1960s, there

was no state unemployment benefit system, while local and central governments were committed to providing jobs for the unemployed through public works. The 1971 Employment Act shifted the emphasis of labour market policy in a supply direction, by giving a much greater role to vocational training and promotion of regional and occupational migration. The 1987 Employment Act obliged central and local governments to provide either a temporary job or training young people less 20 years of age and for long-term unemployed people. Because of rapid increase of mass unemployment between 1990 and 1993, these statutory obligations for arranging training or work for long-term and young unemployed people were lifted gradually at the beginning of 1992. Nevertheless, these groups of people, together with those at risk of long-term unemployment, continued to be the main target groups for active labour market policy.

Since the 1970s, subsidised employment and labour market training have been key methods of active labour market programmes. In the 1980s, the average number of people employed with wage-related measures (subsidised employment) amounted to 33,000. The number doubled in 1994, when 66,000 people (2,6% of labour force) were employed in subsidised jobs, each for an average period of five months.

Labour market training expanded in the 1990s, too. The number of labour market trainees doubled from 17,000 in 1990 to 34,000 in 1995 (1,4% of total labour force). The number of people who started training increased correspondingly from 36,000 to 90,000, while the average duration of courses fell from six to four months. The increase in the demand for training was even stronger, however, making access to training more difficult: in 1995, about half of all applicants were accepted to training. During the recovery years, the volume of labour market policy has been reduced with declining unemployment. Recently the focus of measures has shifted from dealing with short-term unemployment to preventing long-term unemployment, the aim being to give all unemployed people the opportunity to make a new start before they become long-term unemployed.

In the Finnish legislation, labour market training (LMT) has many goals: prevention of unemployment, reduction the risk of unemployment, promotion of replacement, and elimination of labour shortage . The main goal, however, is to maintain and improve the skills of the unemployed and thereby enhance their employability. LMT courses are organized by local labour authorities (employment offices). The dominant form of LMT is vocational further and in-service training. The training is usually provided local vocational adult training centres. The duration of courses varies from few weeks to two years (in the 1990s the average duration has been four months). The courses are free of charge, and participants get a training allowance (similar as unemployment benefit).

According to the Finnish follow-up studies, people who have been in labour market training are slightly more likely to find work than other unemployed people. People who have been unemployed for a long time or who lack vocational

qualifications benefit most from all measures, while the impact on the 'top' group based on training, career history and age is very slight (Aho, Kunttu and Nätti 2001).

According to OECD statistics, in 1997/98 in all EU countries 1% of GDP on average was spent on active LMP and a little less than 2% on passive LMP (OECD 1999). Within active measures, labour market training (0,3% of GDP) and subsidised employment (0,4%) were the most important areas in spending terms, and they took also by far the largest share if participation (inflows) were considered. In European comparison, Finland was near the average. In Finland, about the same amount of money was spent to subsidised employment (0.42% of GDP) compared to labour market training (0.41%).

Skill shortages

Problems with the availability of labour have increased slightly during the recovery years in the late 1990s, but on the whole the situation is still good. According to Statistics Finland's employer survey, about 23% of workplaces had experienced recruitment problems in 1999 compared with 20% the previous year. Problems focus on a few growth centres and certain professions in rapidly growing sectors. Recruitment problems were most frequent in the building industry (36% of workplaces). There is also strong excess demand for labour in the electronics and information technology industries. Availability is also a problem for employers looking to recruit salespeople, sales representatives and cleaning staff. Such problems are often due to a lack of the basic vocational training, work experience or special skills needed for the job. A lack of multiskilling or IT skills are other common reasons. Issues connected with the terms of employment also cause problems with the availability of labour in some areas.

Education and ICT skills

With many indicators (ICT education, access to PCs and internet), Finland is more developed information society compared to most other EU countries. Investment in information society has been one of the central aims of recent governments. The Finnish communications infrastructure is of a high standard and very comprehensive. The density of Internet connections and mobile phones in Finland is among the highest in the EU. Both the public and the private sector have already introduced extensive electronic services (employment services, banking, etc.). Many municipalities and companies provide free Internet access for the public (public libraries, post offices, cyber cafés). Investment in research and development has also been stepped up in both the public and the private sector during the last 20 years. Intensive co-operation has been established between information technology research centres, training institutions and companies. About half of the business sector's research expenditure focuses on the information society. Finland also has a

strong IT and communications technology industry. This sector was the source of a considerable proportion of the new jobs (15%) created towards the end of the 1990s.

Educational institutions, starting at the basic level, are practically all linked to the Internet. Training in the information technology and media sector has been greatly increased, with new entrants in this sector of training increasing four fold in the 1990s. Training in fields related to information technology and data communications is the main and most popular subject in further training provision. Despite this, less than one in four teachers felt they had an adequate grasp of information technology and communications for teaching purposes.

Information-related professions have expanded very rapidly during the last couple of years. Despite the rapid increase in training provision, there is very strong excess demand for labour in the electronics and data industry. About half of the companies in these sectors have had recruitment problems. The danger is that the sector will be unable to expand any more in Finland unless more forceful training and labour policy measures are introduced. Another problem is the limitation of growth in the sector to certain growth centres.

1.3 The role of job rotation in policy priorities

In Finland's national action plan for employment (NAP 2001), the main new areas of focus are the following ones. In securing the availability of skilled labour, the focus will be on the availability of labour in the long-term and the issue of helping ageing workers stay on at work. Labour demand will be met by promoting regional and international mobility, by stepping up the provision of training based on labour market needs, and by shifting the emphasis of employment services towards employer services and the improvement of jobseekers' qualifications. In order to provide for the changing qualification demands facing older workers and to facilitate recruitment, the Finnish Government and the labour market organizations will cooperate to promote more alternation between periods of work and study.

The 2001 NAP outlines in particular a comprehensive and unified *lifelong learning strategy*. All citizens should possess the basic knowledge and skills needed to function at work and in society at large, and they should also possess the ability to further increase their skills and knowledge. This aim will require further development of the educational system and the use of unofficial learning forums, as well as cooperation between authorities, labour market organizations and NGOs. The lifelong learning strategy, which will also improve the employment situation, is designed to answer the qualifications needs of company employees and entrepreneurs, to ensure the availability of labour and to reduce structural unemployment.

The current Government has set down the desired improvements in the educational level and learning potential of the adult population from several different perspectives, one of which is to reinforce switch-leave (job alternation) arrangements and to improve learning and retraining content and job-rotation models in genera, which facilitate learning.

The key aspects of the projects within the NAP are to predict labour and training needs, to create different training alternatives and to systematically reform work organizations. The needs of *ageing workers* will also be taken into account in these projects. Measures to improve the efficiency of training for older people in 2001 are the following:

- Vocational training for adults (labour market training, further education/supplementary training for adults) will be targeted more at the over-40s. Training will be developed so that it is more individually tailored and corresponds better to the needs and requirements of adult learners.
- The training opportunities of adults who have been working for more than ten years will be improved through the introduction of a new form of training allowance for adults and the benefits for people in labour market training will also be improved.
- In order to significantly step up alternation between work and study, the ministries and labour market partners will cooperate to define guidelines for study opportunities for employees and arrangements for substitutes. Planning will take into account the learning needs and opportunities of ageing employees and ways of making recruitment easier. Adequate guidance and advisory services must be ensured in the workplace. Work is under way in ESF programmes to support the formulation of standard jobrotation models.

In addition, the IT skills of older people will be improved within ESF projects, where switch-leave and job rotation models will also be developed, along with telework and study models using information technology.

Thus, in policy documents as NAP 2001, job rotation is in particular linked to lifelong learning strategies and the needs of ageing workers.

2. Finnish job rotation projects[27]

First steps

The first job rotation project was implemented in mid 1990s in the town of Hamina in a chemical industry company called Zeofinn. Participants of the training included 34 workers and 16 job seekers. The project was successful: all job seekers got a job. At the same time projects were started up in the towns of Iiti and Imatra, in companies in the metal and steel industries. All these three projects were carried out through joint project training, with half of the costs paid by the employment office and half by the participating companies.

The first job rotation project based on ADAPT funding was carried out in the town of Lahti 1996 – 1998 in hotel and restaurant catering. This project was also connected to an extensive EU Jobrotation project. The Lahti pilot project aimed to develop a Finnish rob rotation model. A further objective was to develop the international competitiveness of the participating companies and to find placements for unemployed people in through training, practice jobs and posts as substitutes on the job markets. Co-operation was mostly with local companies, educational bodies and professional associations. Recruitment of students for labour policy training was done in collaboration with the employment office. The target groups were restaurant personnel in the Päijät-Häme district, producers of supplementary services and the personnel of enterprises producing congress services and also unemployed people in these fields. During the project some 600 people participated in educational events, among them 32 unemployed. The project yielded a great deal of valuable experience in the implementation of job rotation, but it did not produce any actual regional or national model.

Current situation

Since there is no legislation or common action model regarding job rotation in Finland, the actual practice of job rotation in Finland continues to be closely bound to various projects and their different phases. Palmenia Centre for Research and Continuing Education of the University of Helsinki has been surveying the Finnish job rotation projects during 2001, and a report of these projects will be published in winter 2001 by Marju-Riitta Ilmonen.

In the last seven years some 30 different job rotation projects have been started up. The projects differ from one another although the idea of job rotation unites them. They are located in different parts of the country, although most of the projects are in

[27] This description is based on the draft report of Kaisa Kankaapää-Lehtinen and Pasi Lahtinen: Job rotation - European models. Hermia and TYT, Tampere 2001.

the districts of Kymenlaakso, Päijät Häme and Tampere Region (Pirkanmaa). The duration of the projects has been increasing. At present most projects generally last for 1- 2 years.

There is a really wide variation between projects in the ratio between workers going for further training and the unemployed people substituting for them. In most projects there have been some 10 – 20 people leaving for further training. The general trend on the projects is that the employer pays the normal salary for the person in training for the duration of that training. The unemployed person coming into the job on the other hand receives normal unemployment benefit. (The basic benefit per diem without supplement for children or other extras is FIM 127 (21.35 Euro) supplemented with a separate maintenance allowance of FIM 30 (5 Euro).

The aims of the projects and the practical arrangements vary greatly. However, especially in the Kymenlaakso projects the model applied has been the carousel model, which originated in Denmark, in which substitutes and workers may be in training simultaneously and during the period of on-the-job learning the regular worker mentors the substitute. In carousel training one regular worker frequently corresponds to two substitutes. Some projects have also used the apprenticeship system: when the person undergoing apprenticeship training has periods of theoretical learning s/he may be replaced by an unemployed job seeker who may, for example, be undergoing employment policy training. In terms of industrial classification, the Finnish job rotation projects are focussed on nursing and health care, metal, machine and steel industries, and service-sector firms.

The Finnish job rotation projects are usually based on ESF funding, the joint project training funding (from participating firms and employment office) or the national support funds granted by the provincial governments (especially for workers' training). The initiative for start-up of training has usually come from the Finnish polytechnics, the adult education centres and other training institutions and vocational training colleges.

3. Job alternation leave - paid leave with job rotation

Initiatives and examples

The Finnish paid sabbatical leave (Job Alternation Leave) was initiated in 1996 as a temporary (1996-97) experiment. In a way, it had a long history of initiatives, research and discussion. Two academics, Jaakko Uotila and Paavo Uusitalo (1984), while forecasting the chronically growing rate of unemployment - interestingly, during a period in which Finland enjoyed almost full employment - suggested the establishment of a sabbatical leave financed with a citizen's wage. The citizen's right

to sabbatical would be a means of work sharing, strengthening civil communities and refreshing workplaces.

In the late 1980s, during the economic boom, the sabbatical was mainly viewed as a means of adult studying, as a means of maintaining and developing working capacity and of postponing retirement. Some advocates planned that the sabbatical would be the next step in a long line of labour-friendly and labour-minded reforms (after the great social security reforms). Among the unions, AKAVA (the central organization of highly educated white collar employees) was one of the most actives. However, the committee established in 1989 to put forth a proposal cautiously suggested, according to the principle that the leave would mainly benefit the individual him or herself, that the costs were the responsibility of the person taking sabbatical (Sapattivapaatoimikunta KM 1990:5). However, the possibility to take an unpaid leave or save such a leave from annual holidays was improved. Under these conditions the use of sabbatical remained restricted.

The situation changed with the onset of mass unemployment in the early 1990s. The Job Alternation Leave Group (Työvuorotteluryhmä report 1994) proposed a system in which an employee could take a partially paid leave if an unemployed person was hired as a substitute. The point of departure was that, as opposed to creating new costs, the system would be a new way of using unemployment expenditure. The Danish system of educational, parental and sabbatical leaves provided an encouraging example. The Belgian career break dating back to the mid-1980s, although also an important example, was not as well known and did not arouse as much public inspiration as the new Danish system.

In a survey conducted by the Job Alternation Leave Group, employers expressed a great deal of reservations and fears regarding the establishment of the proposed system. The employee-survey revealed that the use of this opportunity would largely depend on the compensation level. The main dispute in the tripartite negotiations concerned the rate of compensation. As a response to the demands of employers the compensation level was set at a quite low level: 60% of the unemployment benefit the person was entitled to. The Act on Job Alternation Leave Experiment was approved by Finnish Parliament in December 1995 as a result of pressure from the unions.

Main features

According to the Act, job alternation leave aims at a broad promotion and maintenance of labour market resources. For the employee, the leave provides a longed-for opportunity to recover and get ready for new challenges. For the employer, the leave provides new entrants and new possibilities of job organisation and job circulation. To unemployed persons outside the working life job alternation offers a new way of entry. For society as a whole job alternation means that a bigger

part of the subsidies used for dealing with unemployment is now direct of indirect support for efforts to maintain and develop the working skills of the labour force. In this way, the support is at the same time an investment in the future, besides ensuring a livelihood. Thus, the main aims of the leave are as follows:

- it provides employees with a freely used break from work
- it provides unemployed individuals with a temporary job with normal conditions
- it provides employers with flexibility and new skills in the working community.

According to the Act, a full-time employee may agree with his or her employer on taking a job alternation leave of 90-359 days (3-12 months), for which time the employer must employ an unemployed job applicant who is registered with a labour office. There is no condition as regards the length of the time of unemployment of the persons to be employed. Nor is it necessary to employ the unemployed for the duties of the person who goes on leave. Thus, it is possible on the places of work flexibility to plan work arrangements during the job alternation leave, to circulate the labour force and also to affect labour costs, if desired.

The purpose of use of job alternation leave is not limited. Thus, the employee may use the leave in any way he or she likes, for example for education, rehabilitation, care of children, hobbies or rest. By the law, such a person may go on job alternation leave whose job tenure with the same employer has lasted without interruption no less than a year immediately before the beginning of the job alternation leave. However, an absence of no more than 30 days without pay may be part of this one-year period.

During the leave, an employee enjoys protection against dismissal. Thus, an employee on leave has a right to return to his or her former or comparable work. In Finland, during the time of job alternation leave, the employment relationship of the person on leave is in a 'state of rest'. In the Finnish leave scheme, an employee pension accumulates when return to work happens immediately after the leave.

The persons on leave are paid a benefit to compensate partially loss of earnings. In Finland, the person on job alternation leave is paid a job alternation compensation amounting to 70 per cent (before 1.1.1998 60%) of the daily unemployment allowance to which the person on job alternation leave would be entitled. Because the compensation is taxable income, and because the compensation rate of earnings-related unemployment benefits decreases with higher incomes, it is impossible for the compensation to grow to a very high amount

- If an employee has been a member of an unemployment fund for more than six months immediately before the beginning of the job alternation leave, the job alternation compensation is based on the earning-related daily unemployment allowance and the applicant's unemployment fund pays the compensation. For example, a gross salary on 10,000 FIM a month (the

average salary) entitles the member of an unemployment fund to a gross compensation of about 3837 FIM (645 Euro).

- In other cases the compensation is based on the basic daily allowance and the Social Insurance Institution pays the compensation. The job alternation compensation paid by the Social Insurance Institution is approximately 1522 FIM a month before tax (256 Euro).

Furthermore, a person taking part in voluntary vocational training is also paid partial vocational training allowance to the amount of 1100 FIM (185 Euro) tax-free for each month of training (before 1.1.1998 100 FIM or 168 Euro). In 1997, 8% of leave users received this allowance.

All in all, the implementation, information and evaluation of the new system were planned much more carefully than in the case of the part-time supplement. The new benefits were not hidden, but rather were relayed to the public in the media and on television. At the end of the period of experimentation (1996-1997), the system was continued and some terms, such as the compensation level, were revised. In Denmark, both the benefits and access to them have been revised and restricted several times, as a result of the ”over-popularity” of the scheme (Schmid 1999). In Finland, the initial model was so cautious and the experiences so positive or ”safe”, that the compensation level was able to be slightly increased. At the end of 1997, when the continuation was being negotiated, it is our assumption that the employers considered it wise to make some concessions, because this was the moment in which unions had sharpened their demands about work sharing.

In Finland - as in Denmark - the leave scheme is administrated by the public employment service. Seen as a whole, the Finnish scheme should be cost neutral in relation to the public budgets, as the costs of the leaves are, among other things, offset by reduced expenditure on unemployment benefits. For the employers, on one hand, the leave schemes may add administrative costs, for example due to recruiting and training of substitutes. On the other hand, the leaves give employers an opportunity to get flexibility and new competence.

Employees on leave

In Finland, the job alternation scheme has not been as popular as in Belgium or earlier in Denmark One reason for this, at least in comparison to Denmark (see Andersen et al. 1996), is the lower compensation level. According to our studies, the interest of employees is directly related to the level of compensation. Another explanation might be the fact that we in Finland have a separate scheme of compensated care leave (until the child is three years of age), the continuation of which through job alternation is impossible because of the employment condition. We also have a separate scheme for educational leaves. However, the popularity of leave has steadily increased year after year.

As mentioned above, the scheme is argued based on its tripartite advantages to users, the unemployed and employers. The following results are based on our evaluation studies (Nätti, Ruuskanen and Virmasalo 1997a, b; Nätti 1999).

The majority of leave users (70%) are women, which holds true in all three of the countries. In addition, most Finnish employees on leave are either married or cohabiting (77%), and half of them had children less than 18 years old. The average age of persons on leave is 42 years (women 43, men 41 years). Correspondingly, job tenure with the current employer was usually long: the average job tenure was more than 14 years. Only two per cent of the Finnish respondents had been unemployed during the last three years. The unemployed persons recruited as substitutes were about ten years younger. In this sense, the Finnish leave scheme helps to integrate young unemployed people into the labour market.

Thus, majority of leave users are women. The explanation is probably the lower status of many women in the job hierarchy, which implies that most men will experience larger costs than women when taking leave. Another explanation is traditional division of work in the household. The inequality in relation to gender in the use of paid long leaves is therefore closely related to the unequal status of men and women in other social and economic relations. In addition, employed women are concentrated on the public sector compared to men, and employers' attitudes towards paid leave models seem to be more positive in the public sector compared to the private sector.

In industrial classification, more than half of the Finnish employees on leave were working in health and social welfare services, education or public administration. In Finland other important industrial sectors were manufacturing and telecommunications. As a proportion of total employment in an industrial sector, leaves have been used most often in the public administration in Finland. Correspondingly, the leaves are concentrated to the public sector. In Finland, 56% of employees on leave have worked in the public sector. During the last few years, however, the proportion of the public sector has been declining in Finland.

The most common occupational groups of the Finnish employees on leave were pedagogic work and medical and nursing work. Other large occupational groups were secretarial and clerical work, and social work. All these occupations are female-dominated. Among men, the most common occupational groups were - besides pedagogic work - postal and telecommunications work, and engineering work. Although employees on leave were concentrated on certain (service) occupations, there were employees on leave from every (two-digit) occupational group.

Motives and experiences of employees on leave

In Finland, most common motives for taking a leave were time for family (18%; this was mentioned especially by women and men with children), stresses and bad atmosphere at work place (14%; women, clerical work), hobbies (13%; men and older employees), and rest (12%; men and older employees). Other motives mentioned were a need to rethink life values (11%; singles), vocational education (8%; women), and other studies (6%; young employees).

The main problem experienced by leave users seemed to be the decrease in earnings. The average compensation during the leave was 3200 FIM per month. Before taking the leave, employees had earned on average 10 000 FIM per month. Thus, the economic loss was (before tax) was on average 6,800 FIM per month. Therefore it is not surprising, that most respondents (75%) reported that their economic situation had worsened during the leave. In order to copy with declined earnings, 85% of respondents reported that they had reduced their consumption, 73% had used spouses' earnings, and 66% had used savings. Despite economic problems, most employees on leave were very satisfied with their situation. 90% of Finnish respondents had intentions to take later another leave, if it were possible.

Users were mostly satisfied and felt that especially their families had supported them in their decision to take the leave, and in addition, about two thirds reported that they had been supported by their work mates and bosses.

Generally, the return to work was easy. Very few reported that they had been negatively stigmatised as a result of taking a long leave. Some used the leave in order to realize a life change and did not return to their previous job. Most users (90%) would like to take a new leave at a later point.

Employers's experiences

Our studies revealed that even employer representatives saw many positive benefits in the scheme despite the effort and cost involved. The Finnish employers studied (N=434) had usually only one employee on leave (54% of employers) or 2-5 persons (36%). Only 11% employers had more than 5 persons on leave. This indicates, that in most cases the employee has taken the initiative for using leave.

Most Finnish employers studied (80%) supposed that their personnel has a positive view of job alternation leave. Only 8% of employers reported that had refused to accept their employees' application for the leave, in most cases because of problems in reorganising the work or difficulties in finding a substitute. Employers considered that job alternation leave fits better for blue-collar and lower-level white collar workers compared to upper-level white-collar workers, especially in manufacturing industry.

In recruiting substitutes, the Finnish employers mentioned as the main criterions both earlier work experience in general and earlier working in the same organisation. Other criterions mentioned were 'only short unemployment spell' and young age. Small (and state sector) establishments recruited usually substitutes with their own channels, large (and municipal) establishments contacted more often to a labour office.

According to the rules of the Finnish job alternation leave, it is not necessary for the employer to employ the unemployed for the duties of the person who goes on leave. Thus, it is possible to get more flexibility and rotation and also to affect labour costs, if desired. In practice, however, most employers (74%) reported that the substitutes were doing exactly the same tasks as the employee on leave had done. In certain professions (as teaching and nursing) this was expected although not necessary. Thus, employers have not sought more flexibility by rotating employees. In manufacturing (41%) and the state sector (48%), however, quite a large proportion of substitutes were doing other tasks as the employee on leave had done.

The Finnish employers' experiences on job alternation leave were asked as an open-end question. As positive aspects employers usually mentioned that "leave relieves employees' burnout", "leave increases employees' possibilities to choose new options", and "substitutes bring new ideas into the organisation". As negative aspects employers usually mentioned that "leave means economic problem for employees", "difficulties in finding substitutes" and "training of substitutes takes time".

It is worth noting that the employers are in the position of being gatekeepers. They can prevent the leave if they want, and can also select the substitute. The substitutes can be placed flexibly, not necessarily in the tasks of the leave-taker. The employment service officials respect the wishes of employers or workplaces, and do not pursue the placement of "difficult cases" as substitutes.

Substitutes

Like the employees on leave, the substitutes are mostly women, only they tend to be (about ten years) younger than the employee they are replacing. As compared to the Finnish unemployed on average, the substitutes have shorter unemployment periods in their recent histories. The substitutes are what might be referred to as the "better-off" unemployed. Another indication of obvious selection of the Finnish substitutes is the fact that before their current job, most substitutes (60%) had already earlier been working for the same employer, usually for short periods. Correspondingly, substitutes had got information about the vacancy usually from the employer (43%) or from employee planning a leave (28%). Only 15% of respondents had got the information from a labour office.

Substitutes' experiences were asked as an open-end question in the Finnish survey (Nätti et al 1997a, 1997b). As positive aspects substitutes usually mentioned ”possibility to get a job”, ”more work experience”, ”improvement of economic situation” and ”improvement of self -esteem”. By comparing incomes before and during their current job, we could estimate that on average earnings had increased from 5600 FIM to 8200 FIM (940 to 1380 Euro). As negative aspects substitutes usually mentioned ”temporary nature of job” and ”too short contracts”.

In Finland, more than half (58%) of the substitutes remained working in the same organisation after the end of the leave period. In addition, 15% had got a new job in another employer, and 11% had started education. Every sixth (17%) substitute had become unemployed. Unemployment risk was highest among those substitutes, who were without vocational educational.

Compared to the most used forms of the Finnish active labour market policy (labour market training and subsidised jobs), unemployment risk of leave substitutes is much lower (Aho et al. 1999, 2001). One explanation for this is, that substitutes are a very selected group of unemployed persons: half of the substitutes had already earlier worked in the same organisations and the proportion of long-term unemployed was low.

Current situation

The popularity of job alternation leave has been growing. The Danish experience indicates that the use of schemes is quite easily controllable on the compensation level. There have been no reasons to attempt to restrict its use in Finland thus far. Trade unions are greatly committed to paid leaves, while employers' organizations have continued to have a slightly negative attitude toward the idea.

Table 1 The number of users of job alternation leave and the proportion of women

Year	Number of users (monthly average)	Number of new users (during the year)	Total of users (during the year)	Proportion of women (%)
1996	2047	5525	7432	71
1997	3608	6672	12466	71
1998	4716	9450	16242	71
1999	5655	10440	19574	70
2000	6483	12408	22690	70

Source: The Ministry of Labour Register

Interest in sabbaticals in Europe

According to the Employment Options (1998) survey, European Foundation for Living and Working Conditions, there is considerable interest in sabbaticals in Europe. In the survey, employees were asked: "Apart from your regular holidays, do you think that from time to time it would be useful to have a longer break of several weeks or months from your paid work in order to do other things? Afterwards you would have the right to return to your job." On average across Europe, more than half of dependent employees (57%) said they were interested in principle in sabbaticals. In Finland the corresponding figure was 60%.

Furthermore, respondents were asked "What you think you would like to do during such a break? - further education, honorary, charitable or political activities; do-it-yourself work (repair car, renovate house etc.); take care of children; take care of elderly, guilt or persons the disability in my family; travel, relax or other leisure activities; others." The most popular use of such time would be travel, relax or other leisure activities (64% across Europe as a whole; 60% in Finland). The second most popular use of such time would be further education (24%; in Finland 17%). Furthermore, another 13% would use sabbaticals for do-it-yourself work (in Finland 9%) and 11% for looking after children (in Finland 7%). The popularity of further education rises with the educational level of the respondent: 33% of the interested employees with tertiary (university) level education would use the sabbatical for further education compared to 13% of employees with basic education.

All in all, most people view sabbaticals as an opportunity for increasing the free time available to them to use as they see fit; nevertheless, they could also provide a temporary respite from the pressures of work, thereby allowing employees to undertake necessary activities, such as further education, childcare or do-it-yourself activities, that compete for time with paid work (Bielinski et al. 2001). The overwhelming preference is for relatively short sabbaticals. Three quarters of all those declaring an interest in sabbaticals would prefer to take up to three months off (in Finland 68%), while only 10% would be interested in taking more than six months off (in Finland 9%).

Whether sabbaticals would actually be taken or not obviously depends very much on the level of income compensation that might be available (Bielinski et al. 2001). Nevertheless, 38% of dependent employees expressing an interest in sabbaticals would take a sabbatical without any income compensation (in Finland the corresponding figure was lower, 28%). Furthermore, 33% would take sabbatical on half pay (in Finland 37%), and 29% would take one only if the compensation was more than 50% of their earnings (in Finland 35%). Thus the extent to which employees would take advantage of sabbatical programmes, and thus the extent to which they really extend individual choice, depends very much on whether and how the consequent loss of income is compensated for.

At the same time, the conditions required for the introduction of sabbaticals would have to be introduced in the workplace. These include flexible forms of work and working time organisation, which make it possible to plan the phased departure of employees (Bielinski et al. 2001). According to the survey, employees' views of their chances of being able to take a sabbatical vary from country to country. In Finland (60%), Norway (58%) and Denmark (52%), more than half of the dependent employees interested in sabbaticals say it would be possible, while fewer than one third of those interested in sabbaticals in the Southern European countries share this opinion.

4. Part-time pay supplement - subsidised part-time work with job rotation

Finnish employees, women in particular, engage less in part time than the European average. In 2000, the proportion of part-time employment was 17% among Finnish women (EU average 33%), among Finnish men 8% (EU average 6%). There are many reservations and obstacles, which effectively hinder the increase of part-time work (Julkunen and Nätti 1999):

- low incomes associated with part-time work;
- restricted occupational range and difficulties to work part-time in one's own professional job: in Finland, part-time work is concentrated in private services, while in the other Nordic countries part-time work is typical to the public sector as well;
- difficulties to shorten one's hours temporarily and return back to full time;
- gendered use.

In addition, it is not clear whether the implementation of a more comprehensive level of part-time work will actually redistribute jobs more widely, despite the fact that this has been the obvious result (for example, in the Netherlands) under certain conditions. Previous attempts to promote part-time employment and to provide employees a guaranteed chance of engaging in part-time work (for example, for parents of small children and school-aged children) have not been popular.

However, the incredibly high level of unemployment in the beginning of the 1990s once again heightened the popularity of the conception of increasing the opportunities to engage in part-time work, which would subsequently result in the distribution of jobs to a greater number of people. Prior to this point, the role of part-time work in employment policy had already changed - in Finland and throughout Europe - from a means of increasing labour supply to a means of decreasing unemployment. A proposal on the implementation of subsidized part-time work was prepared by a committee (Osa-aikatyötoimikunta, KM 1993:22), and suggested

increasing part-time work as a means of increasing both employment and flexibility. Unions supported compensated part-time employment, employers opposed it. They preferred the part-time increase in market terms, arguing that subsidized part-time employment would inhibit this. In spite of employers' objections, the proposal was implemented.

Main features

Subsidized part-time work is a part of the public employment policy. According to this scheme, a full-time worker who shifts to part-time is entitled to receive compensation from the public employment funds, provided that an unemployed person is employed by the other part of the divided job. From the point of view of the unemployed person, this is merely one new way of job provision, a temporary exit from unemployment. The novelty is that this ”half job” is ”bought” from a permanent employee.

The duration of part-time working can range anywhere from 3 to 12 months, and the working time ranges from 40-60% of the full time. The compensation is approximately half of the income loss (maximum of FIM 4300 or 723 Euro). In practice, the net income of work-sharer reaches 80-90% of his or her earlier full-time wage level (Suoranta 1999).

The part-time substitute receives only the normal part-time wage, and his or her income does not necessarily improve much in comparison with his or her situation while unemployed (this depends on the level on unemployment insurance and other social transfers). The sharing of work can be done in many flexible ways, daily or weekly - for example, by working every second week.

An important point of view during the discussions surrounding the implementation of subsidized part-time work was that the costs of part-time allowances were calculated to be smaller, at least not greater, than those of corresponding unemployment benefits. The committee calculated that the system would actually save the state money, a fact which perhaps legitimated the proposal.

From a modest start to ”excessive” popularity?

The scheme included many problems from its inception, it was neither well prepared nor well informed (Hermansson et al 1996). However, its popularity has increased with time; the rules have become more flexible, the employment officials learnt to deal with the system, and employers realized its potential to have a positive effect on the workplace, too (for greater detail see Hermansson et al 1996, Julkunen and Nätti 1997, Pylkkänen 1996). Perhaps the decreasing insecurity in the labour markets and working communities has encouraged full-time workers to dare to use the system more effectively and to take social security risks. In some organizations, for instance

in hospitals, the use of the part-time allowance has become established as an inherent part of working culture.

Table 2. The number of substitutes in part-time pay supplements and the proportion of women

Year	Number of substitutes (monthly average)	Number of new substitutes (during the year)	Total of substitutes (during the year)	Proportion of women (%)
1994	659	1267	1406	
1995	2171	4497	5635	91
1996	4840	9079	11704	91
1997	6525	11444	16024	89
1998	7049	12198	17837	90
1999	6008	9797	15266	91
2000	3819	6508	9861	92

Source: The Ministry of Labour Register

The users of part-time pay supplements are typically women (89-92%), mostly from the public health and social service sectors organized by municipalities, and on average they are in their forties. The users tend to be older than the substitutes, and thus middle-aged women with stable working careers have shared their work with younger women with unstable careers. The motives of those moving temporarily to part-time positions are ”egoistic” - for example, time to him or herself, time for family or other loved-ones, time to study, engage in hobbies; relief of work load and work pressure were sited especially if one's own working ability was deteriorating. The system is best suited - or at least is the most popular -in the workplaces of educated semiprofessionals. The largest occupational group using part-time pay supplements in 1998 were those engaged in medical and nursing work (comprising 45% of all users). Other significant occupational groups were social work (10%), secretarial and clerical work (6%) and pedagogic work (6%).

To a full-time employee a subsidized part-time job is a kind of luxury, considered ”good” part-time. Yet the choice to engage in part-time work is complicated because of the complex social and job security related consequences. In addition, full-time workers may be concerned that the shortening of their hours be interpreted in a negative way - as indicating exhaustion, lower work motivation etc. - which can have negative consequences in cases of competition between workmates. Thus, utilizing the opportunity presupposes some degree of trust and confidence in one's own position within work community.

Used as a substitute, the economic situation of subsidized part-time work is not favourable. As compared to the incomes provided by social security in Finland, part-time employment in modestly paying jobs is not always profitable. However, unemployed persons tend to stick even to temporary and poorly paying jobs in order to build up their careers, create connections to organizations, and keep up their skills. The scheme can also provide benefits to the organization: tired full-time workers get more rest and the new, and younger, recruits bring new ideas and energies.

In relation to the total number of all employees (potential users), the use of system seems quite marginal (0.6% in 1998). In relation to the number of unemployed, the scheme has provided temporary relief yearly for 2-4% of the unemployed population. In relation to other forms of subsidized employment, the proportion of the part-time pay supplements was more than 10% in 1998.

All in all, the scheme has legitimated the choice to engage in part-time work in such groups and workplaces in which it had not been used previously and in which the unrealised wish to do so was high - namely, educated women in the public sector. The part-time allowance provides an individual with a ”system-supported” position from which to demand the right to engage in part-time work, but does not accord the right to subsidized part-time work. In this context, the unequal treatment in favour of the advantaged (permanent employees with compensation) and the accompanying disadvantages (substitutes without any supplement) seem to be acceptable.

While the popularity of the system increased, new restrictions were implemented in 1999. According these new regulations, substitutes must have been unemployed job seekers at the employment office for at least five months out of the last six months or they have to be over 55 years old. Furthermore, part-time pay supplement is paid from the employment funds, which these have been reduced in recent years owing to the fall in unemployment. Since the conditions mentioned above have been stipulated regarding the hiring of a replacement, former unemployment and age limitations, the use of the part-time pay supplement has been much reduced. For example in 2000 there were some 6,500 people recruited under this system while in 1998 the corresponding figure was almost double.

5. Part-time retirement - subsidizing the part-time employment of ageing workers

Early retirement - in the service of individual and structural needs

In Finland, there are many paths of making an early exit from working life before the formal retirement age. Disability pension has been a natural part of old age pensions

since the establishment of the pension systems (national pension in 1937, work pensions in 1961-70). The unemployment pension was introduced in 1971. Other, more individual options were established in the pension reform of the latter half of the 1980s: the individual early retirement pension in 1986 and the actuarially reduced early old age pension in 1987 (in the public sector in 1989). In the atmosphere of the 1980s, the main aim was to acknowledge the individuality of the ageing process and to give people more flexible and individual ways out of working life. The new pension forms were part of the employee-friendly reforms of the 1980s, which were backed by good economic growth, a high employment rate and gerontological studies showing the individual differentiation in the ageing process (Julkunen and Nätti 1999).

The introduction of part-time retirement and pension in 1987 (in the private sector) and 1989 (in the public sector) was a part of this reform package, which was also characterized as ”a pension tray”. The package was implemented in spite of resistance on the part of employers; the part-time pension was the only one accepted by the employers? representatives in the committee preparing the entire reform, intended to provide more flexible and individual retirement (Takala 1999).

The rationale of part-time retirement and pension can be seen in two alternative ways. On the one hand, part-time retirement is a way of reducing work effort in order to coincide with the diminishing working capacity (Huuhtanen et al 1999). According the logic of the welfare state, this opportunity shall be guaranteed as a social right and the costs will be compensated. In this rationale, part-time retirement is seen as an alternative to full time working. On the other hand, while the popularity of the early exit has increased, in the context of social policy, part-time retirement has become an alternative to full-time retirement, and as such has received an increasing amount of acceptance.

The legislation governing early retirement has been revised several times, and the age limits, in particular, have been lowered and raised according to economic and political cycles. The popularity of the new early (or ”flexible”, as they were sold) retirement opportunities surpassed all expectations, and in addition to changing the terms, access has been controlled through the rejection and acceptance of individual applicants.

Hytti (1998) has shown that early retirement policies in Finland have served structural rather than individual needs. They have been used to promote business competitiveness and structural changes within working life. The exit of ageing workers from the labour force was directly linked to competition pressures and the need to reduce the workforce. In the 1980s, retirement via an early exit was most common in export-oriented industries, whereas during the deep economic recession of the early 1990s it was highest in the branches, which were hardest hit by the recession. The promotion of early retirement has relied largely on a favourable age structure, female labour force participation, and a remarkably high education level in the age groups entering the labour force. In 1998, the proportion of employed

persons aged 55-64 has fallen in Finland to one of the lowest in Europe, which is partly due to the high unemployment rate (14%).

Throughout Europe during the 1970s and much of the 1980s, retirement was viewed as highly desirable, due in part to anxieties regarding the need to control unemployment. By the 1990s, however, policies have once again gone into reverse (Phillipson 1998). Governments in most countries have begun a process of rethinking early retirement policies: how to curtail early retirement. That which seemed sensible in light of the high unemployment risk of ageing workers, the educational gaps between older and younger age groups, the diminishing ability of the aged to adapt to new technologies and working patterns etc., has begun to seem unbearable in light of the quickly growing ageing population and the scarcity of public resources.

Finland is not alone, but it is, however, in the midst of a sharply paradoxical and contradictory situation. In the long run, ageing workers should be kept in active working life for a longer period of time, while simultaneously, at least in the short run, unemployment is very high and ageistic practices and attitudes tend to push older workers out of working life.

The raising of the actual age of retirement can be seen as a public good, while the individual interests of specific employers and employees tend to lean in the opposite direction. The government has launched a broad ”Ageing Programme”, which is aimed at both changing prevalent attitudes toward the ageing process and its employment related ramifications and finding new ways to keep the aged in the work force. For example, the prerequisites for the application and distribution of unemployment pensions have been tightened, despite the fact that access to new jobs is practically impossible for the population of unemployed who are over the age of 50. The Finnish elite is of the opinion that time is running out for the reversal of pension policies, because the ”baby-boomers” born between the years 1947-1951 are currently approaching the age of early retirement.

New attention to part-time retirement

In the current situation in Finland, one of the recipes that has been accepted quite unanimously is part-time retirement. When part-time retirement was introduced in 1987, the use of this opportunity proved to be quite negligible, at least in comparison to the expectations created by the popularity of individual ”full-time retirement” and the popularity of the Swedish scheme, which had served as an example for the Finnish model. During the first years of use, less than 100 people in the private sector took the opportunity to retire part-time, and in June of 1993 there were 300 part-time pensioners in the private sector and 1100 in the public sector (Takala 1999). The reason for the low level of participation was blamed on the restrictions included in the scheme as well as the lacking part-time culture within Finnish firms.

In order to increase the popularity of part-time retirement - as compared to full-time early retirement - the part-time scheme was revised in 1994. The age limit for the part-time pension was lowered from 60 to 58 years, while the age limit for individual early retirement was raised from 55 to 58 years. Other conditions were also improved, such as the compensation rate, and the acceptance of part-time pensions as an income, which accumulates into the old-age pension. The pension compensates 50% of the loss of income. However, the pension can be in maximum 75% of the earned pension of the person.

Following the implementation of these improvements the popularity of the scheme began to increase in 1994. While at the end of 1993 there were an estimated 2300 part time pensioners, at the end of 1994 that number was almost doubled (4400). Following this initial increase, the annual number of new recruits stabilized at this new level until 1998 especially in the public sector.

In July of 1998, the age limit for the receipt of part-time pension was once again lowered from 58 to 56 years in a temporary decision, which is in effect until the end of the year 2002. Mainly as a result of this change, the number of persons receiving part-time pensions increased from 6000 (1997) to 25000 employees (2000), which is quite a remarkable change.

Table 3. The number of part-time pensions 1987-2000

Year	Private sector	Public sector	Total	Proportion of women
1987	143		143	47
1988	172		172	41
1989	197	58	254	44
1990	216	212	427	53
1991	251	448	699	53
1992	281	932	1213	57
1993	328	1930	2257	54
1994	1288	3189	4467	55
1995	1922	3531	5437	54
1996	2351	3773	6104	53
1997	2797	4156	6932	54
1998	4847	6114	10924	55
1999	9408	8928	18284	55
2000	13458	11197	24597	54
2001 (30.6.)	15110	11518	26563	54

Source: The Central Pension Security Institute (ETK), http://www.etk.fi/suomi/Tilastot/osa-aika.pdf

Main features

There are certain conditions for part-time pension. Firstly, part-time pension is available to those aged 56 – 64 years. Out of the last 15 years the worker is required to have earned his/her pension for at least five years and s/he should have been in full-time employment for at least 12 out of the last 18 months. The part-time pension is not payable to persons who already draw some kind of other statutory earnings-related pension in their own right.

The average working hours of the part-time pensioner should be 16 – 28 hours per week during a period of 16 weeks. Thus there are several ways to arrange working hours, e.g., work can be done for a certain number of hours per day, days per week or weeks per month. However, there is a restriction of a maximum of six weeks totally away from work. This does not include days when the employee was in receipt of sick pay or annual holiday.

The income of a part-time pensioner comprises salary and pension. The amount of the pension is half the difference between full-time and part-time work but such that the pension may amount to no more than 75% of the pension which has accrued by the time the worker goes on part-time pension. The income of the part-time pensioner should be 35 – 70% of the former regular income and in any case not less than FIM 1255 (211 Euro) per month. The average part-time pension was among men FIM 3700 (622 Euro) and among women FIM 2500 (420 Euro) in 1999 (Takala 2000, 14).

Experiences

The part-time pensioners, not surprisingly, identify themselves as working people, not as pensioners (Takala 1999). Thus, part-time retirement is - along with the aforementioned part-time supplement - another way of subsidizing part-time work in Finland. The compensation level remains the same: 50% of the total wage loss. However, while the part-time supplement is restricted to a period of one year, in principle, part-time retirement provides the same opportunity for up to nine years (56-64), according to the existing age limits.

Exceptionally, part-time pensions attract both sexes, and there is only a slight female majority (54%). In the private sector the scheme is especially utilized by entrepreneurs, in the public sector by teachers. Almost one third of part-time pensioners are aged either 56-57 years or 58-59 years, the rest (40%) are 60-64 years old.

Originally, the creation of the part-time pension scheme had several motives. On the one hand, it was expected that the scheme would decrease the demand of disability pensions. On the other hand, the part-time employment of aged workers

was seen as a means of work sharing. In the 1990s, the revision of the scheme in order to make it more attractive and more accessible was motivated by both views, as a way of both postponing the final pension and of work sharing between older and younger employees.

The increased use of part-time pension is nowadays seen in employers' organisations and ministry of finance as a problem, and the revision of the scheme less attractive arises time after time on the political agenda. There is no definite answer to the question whether part time pension means "more or less work". The economic rationale, of course, is to keep ageing people longer in working life, even though on the part time basis.

From the perspective of the pension system the objective is that reduction of working hours would serve to prolong working life and thereby save in the costs of pensions. It has been estimated that the reform would reduce the costs in unemployment benefits. Although it is not essential to hire any new unemployed person in place of the part-time pensioner, there is still job creation in the part-time pension system. According to Takala (2001), a new person is taken on for every third part-time pensioner in SMEs. Furthermore, in those firms planning reduction of personnel, shift to part-time pension can alleviate the need of dismissal. From the perspective of job rotation the part-time pension system provides a potential channel to successful mentoring of new workers.

6. Other systems supporting job rotation

There are also other systems in Finland (study leave, apprenticeship training) supporting training of the employees and coping at work, which one way or another promote job rotation. However, these systems do not require a substitute for the departing worker to be recruited from the unemployed.

6.1 Study leave

The purpose of the Study Leave Act (opintovapaalaki) is to use educational leave to improve the training and educational opportunities of the workforce. Study leave is a period during which the employer has released the employee from carrying out his/her duties according to the employment relationship for educational or studying purposes. According to the law, such a person may go on study leave whose job tenure with the same employer has lasted at least one year. Study leave can be taken for a maximum of two years in a five-year period. The time may be used consecutively or in periods.

Study leave may be granted for a period defined in advance in a flexible way. It may be several longer periods, whole working days or it may comprise parts of working days. Thus it is possible to implement the rotation of work and training very flexibly.

The employer may postpone the study leave if it is substantially detrimental to the functioning of the enterprise, but generally study leave can be postponed once for no more than six months. There is no particular legal protection to ensure that the worker can return from study leave to the same or comparable tasks.

Study undertaken while on study leave need not necessarily have any connection with the employer's operations; the employee can choose what field of study to pursue. Study leave applies to studies undertaken in education under the control of public inspection including trade union training and studies abroad.

Study leave is unpaid unless otherwise specifically agreed with the employer. However, a person going on study leave can apply for an adult education support, which (since 1.8.2001) consist of a basic sum of FIM 2600 (437 Euro) and an additional payment determined on the basis of the salary which will be 20% of the applicant's average monthly earnings up to a limit of FIM 16,000 a month (2691 Euro) and thereafter 15% of the part in excess thereof.

6.2 Apprenticeship training

The system of apprenticeship training (oppisopimus) used in Finland offers a wide option to both those already at work and those planning to go to work to acquire education and personal development. Apprenticeship training has a dual character: most of the apprenticeship training involves studying in actual work situations at work places supplemented by theoretical studies at educational institutions.

Apprenticeship training is goal-oriented and based on a personal curriculum. Apprenticeship training leads to the same vocational qualifications as that provided by the vocational institutions, but it may also be non-qualification oriented further education. The student's knowledge and skills are measured by a skills examination.

The apprenticeship training is a fixed-term agreement between the student and the employer, usually facilitated by the local apprenticeship centre. The agreement specifies the nature of the employment, the conditions, qualifications targeted, education, the educational institution arranging the theoretical education, the times for learning and other matters pertaining to the training. The length of apprenticeship training usually varies from six months to four years.

The student is paid a salary during the apprenticeship that is usually equivalent to the minimum wage for the field. A student is furthermore entitled to receive a per

diem allowance while studying at an educational institution if the employer does not pay him/her any salary for that time and also to other social benefits associated with studying. Apprenticeship training is also subsidised for the employer as the employer is paid a training allowance for training given at the workplace and its supervision of some FIM 100 – 1500 per month (17 – 252 Euro).

Apprenticeship training has been systematically developed in the past few years, and consequently the popularity of apprenticeship training has increased clearly in Finland. In 1997 the number of participants in apprenticeship training was over 36,000, half of them women. Altogether 7,200 diplomas were awarded on the completion of apprenticeship training. This is more than twice the number at the beginning of the 1990s. Recently apprenticeship training has been used by those changing their professions or the unemployed. Old employees have also been retrained for new tasks within the company. Half of the Finnish students are over 30 years of age. This is a clear difference from the European apprenticeship system, which is more biased towards training younger age groups.

In terms of industrial classification, most apprenticeship agreements are concluded in the fields of commerce and administration, social and health care and the machine and metal industry. Other popular areas are vehicles and transport, the hotel and restaurant trades and catering, also communications and visual art.

The idea of apprenticeship training has also been used successfully in recent years as a part of job rotation projects (Kankaapää-Lehtinen and Lahtinen 2001). In these it is possible to place an unemployed job seeker, possibly one in employment training at the apprentice's workplace while that apprentice participates in theoretical periods

7. Conclusions

During the 1990s Finland went through deep economic and social changes. The economic boom period of the late 1980s changed to economic recession in the early 1990s, when employment declined by 18% and unemployment rate jumped from 3 to 18%. Despite the rapid economic recovery since 1994 unemployment rate is still high (10% in 2000). Mass unemployment - and the idea of work sharing - was the main factor behind creating the first job rotation-related schemes (part-time pay supplement 1994; job alternation leave 1996) in Finland.

Since the late 1990s, the new challenges in public policy - besides large unemployment - have been ageing workforce, forecasted labour shortage, and development of information society. In economic and employment policy the main aim is to raise the employment rate from current 67% to 70% by 2003, and — in the

long-term — to bring the average age for retirement from the labour market about 2-3 years closer to the official retirement age.

In employment policy, special emphasis is put on lifelong learning strategy and ageing workers. According to the NAP 2001, the aim is - in a cooperation project between ministries and labour market organizations - to significantly increase alternation between periods of work and study, as a way of answering the training needs of older people. Thus, according to NAP, job rotation will focus in particular older workers.

So far job rotation has usually been approached in three levels in Finland. First, there have been specific job rotation projects. Since the mid-1990s, some 30 different job rotation projects have been started up in Finland, mainly funded by ESF, joint project training funding (between the firm and employment office) or national support grants. The projects differ from one another (e.g., carousel model, apprenticeship training) although the idea of job rotation unites them. The average duration of the projects is 1-2 years. In most projects there have been some 10 – 20 people leaving for further training. Participating organisations have usually operated in manufacturing, health care and other services. The initiative for start-up of training has usually come from the different training institutions.

Secondly, legislation offers certain arrangements, which support job rotation (job alternation leave, part-time pay supplement, part-time retirement). The main features of these schemes are summarised in Annex 1.

Job alternation leave provides employees with a freely usable, partly compensated, break (3-12 month) from work and unemployed substitutes with a temporary full-time job with normal conditions. The popularity of job alternation leave has been growing. In 2000, some 6500 employees per month used the leave. During 1996-2000 altogether 42500 employees have taken the leave, and the same number of unemployed persons have got a full-time, temporary job. Some 10-20% of the leaves have been used for vocational education.

Part-time pay supplement scheme is also a part of the government employment policies. According to this scheme, a full-time worker who shifts to part time (from 3 to 12 months) is entitled to receive compensation from the public employment funds (half of the income loss), provided that an unemployed person is employed by the other part of the job. From a modest start (1994) the popularity of the scheme increased, and it turned to serve especially women in the public health and social services. Since the beginning of 2000, the conditions of the scheme and the reserved financial resources have been tightened. As a consequence, the number of people using part-time pay supplement has decreased. In 2000, some 3800 employees per month used the scheme. During 1994-2000 altogether 55000 employees have used the scheme, and the same number of unemployed persons have got a part-time, temporary job. Some 10-20% of the leaves have been used for vocational education.

Another way to foster part time working has been the revision of part-time retirement scheme. In 1994 the age limit was lowered from 60 to 58 years, and in 1998 from 58 to 56 years. At the same time other conditions, such as compensation rate and the acceptance of part-time pensions as an income, which accumulates into the old-age pension, were improved. After these decisions the popularity of the combination of part time pension and part time working has multiplied into 25 000 employees in 2000. According to the scheme, the employer has no duty to take any recruitment to substitute the withdrawn work contribution. In practice, one third of SMEs have recruited a new employee to replace the employee on a part-time pension.

Thirdly, there are also other systems in Finland (study leave, apprenticeship training) supporting training of the employees and coping at work, which one way or another promote job rotation. The aim of study leave is to offer an employee a possibility to concentrate on educational and vocational studies at a maximum of two years in a five-year period. Study leave is usually unpaid. However, a person going on study leave can apply for an adult education support, which has been improved in August 2001. Apprenticeship training has also been systematically developed in the past few years, and consequently the popularity of apprenticeship training has increased. In 1997 the number of participants in apprenticeship training was over 36,000, half of them women. Altogether 7,200 diplomas were awarded on the completion of apprenticeship training. Recently apprenticeship training has been used by older employees and the unemployed persons. All in all, there are several schemes coming close to the idea of job rotation, and which can be used in constructing the Finnish model of job rotation.

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Annex 1. Main features of job rotation -related schemes

Model	Job alternation leave	Part-time pay supplement	Part-time retirement	Study leave	Apprenticeship
Target group	Employees	Employees	Employees and self-employed; 56-64 years old	Employees	Employed and unemployed people
Aims	- a break for the employee - a temporary full-time job for the unemployed - more flexibility for the employer, new entrants	- reduced working hours for the employee - a temporary part-time job for the unemployed - more flexibility for the employer, new entrants	- reduced working hours for ageing worker to cope at work - postponing early retirement	- to improve the training and educational opportunities of the workforce	- vocational training - combination of vocational education and on-the-job training
Right to leave	Based on agreement	Based on agreement	Based on agreement	Based on agreement	Based on agreement
Conditions of eligibility	Job tenure no less than one year (before the leave)	Job tenure no less than one year (before the leave)	At least 5 years' work experience; current job tenure (full-time) >1 year	Job tenure no less than one year (before the leave)	
Substitutes	Necessary (unemployed job applicant)	Necessary (unemployed job applicant)	Not obligatory (1/3 in SMEs)	Not obligatory	Not obligatory
Duration	3-12 months	3-12 months	max 9 years	max 2 years	½ - 4 years
Compensation for persons on leave	70% of unemployment benefit	50% of the wage loss (max. 720 Euro)	50% of the wage loss (35-70% of earlier income)	- Adult education support (min 437 Euro)	Usually minimum wage
Average benefit per month (Euro)	550 (1997)	370	520 (men 622; women 420)		
Number of users (monthly average)	1996: 2000 2000: 6500	1996: 4900 2000: 3800	1996: 6100 2000: 24600 (in the end of year)		
Share of women (%) (2000)	70	92	54		about half

Co-operative approaches to identify and meet qualification needs

The implementation systems of Jobrotation and other company-based programmes in Austria

Lizzi Feiler

1. Introduction

The globalisation of markets, including labour markets, and technological changes require fast and efficient adaptability. This is affecting individuals, business and political institutions.

Economic competition is increasingly based on **knowledge and learning** and is characterised by five major trends:

- an acceleration of economic activities
- a closer co-operation between enterprises and enterprise networks
- organisational change within the companies
- intensified co-operation between business and centres of know-how production
- changing processes of know-how production [28]

As a consequence of these trends, competitive pressure has increased on all levels: for the individual employee, for the companies/organisations and for the political level (regional, national, supranational and inter-institutional).

The Employment Guidelines of the European Commission, promoting a knowledge-based society, suggest that "Member States shall develop comprehensive and coherent strategies for Lifelong Learning, in order to help people acquire and update the skills needed to cope with economic and social changes throughout the entire life cycle". [29]

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[28] Lassnigg (1998)

[29] EC Employment Guidelines for 2001, horizontal objectives, Pillar I/Guideline 4, and Pillar III/Guideline 15

Required skills and qualifications are changing rapidly and continuously. These requirements can no longer be met by traditional systems of initial vocational training. Bottlenecks of skilled labour and mismatching of supply and demand in the labour market are a wide-spread phenomena in many European countries, not only in those with low unemployment rates. Companies are less willing to invest in costly training of long duration and with uncertain "returns on investment". Small companies lack resources and knowledge to invest in initial or continuing training. "There is an urgent need to continually upgrade the skills of the workforce to maintain global competitiveness and enhanced employability."[30]

This entails the danger of polarisation and increased imbalances among regions, companies and individuals. The threat of social exclusion cannot be solved by the market, and demands accompanying measures on part of labour market and educational policies. The manifold challenges can only be met by joining forces. Co-operation is required on local, regional and international level, involving actors of different fields: public-private, research and practice, labour market and educational systems, social partners. Easy solutions cannot be expected.

The article is mainly based on practical experience in the development and implementation of company related measures in active labour market policy.

2. Background and relevant framework conditions in Austria

2.1 The educational system

The Austrian education and professional training system is traditionally based on the concept of a high quality first vocational education. This concept has certainly a range of advantages since it guarantees a relatively high level of general professional education of the workforce. Given the increasing importance of lifelong learning, the concept of which is based on more open and ever changing professional profiles, the Austrian system faces obstacles of rigidity, high costs and little adaptability.

The focus on initial professional education explains also that there is no integrated general system of further adult education. While private participation in finance is fairly high and social partners participate strongly in all relevant regulations, the structure of training provision is compartmentalised according to traditional industrial relations, i.e. the social partners have established their own training organisations.[31]

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[30] Doyle (2000), p.1

[31] Feiler, Horejs (1999)

A traditional tripartite system[32]

The complex system of further training and adult education in Austria reflects the traditional tripartite decision making procedures and responsibilities on which post war society is built. In concrete terms, responsibilities and decisions about adult education are divided between the state and the social partners, each of them having its own training organisations with a fairly dense geographical coverage.
The most important training organisations – the lion's share in the market – include:

- The "Wirtschaftsförderungsinstitut" WIFI of the employers' association (Chamber of Economics) is the largest training provider.
- The "Berufsförderungsinstitut" BFI, organisationally linked to the trade union and the Chamber of Labour.
- The "people's high schools" (Volkshochschulen), organisationally based on a private association are largely financed by the Federal Ministry of Education, Science and Culture.
- In addition, there is a range of newly emerging private training providers offering special courses and programmes.

Training and education policies are subject to the regulation of the Ministry of Education. On the other hand, professional profiles, apprenticeship and licenses for a large range of professions are regulated mainly by the Chamber of Economics. However (and so far), the social partners are substantially involved in decision making.

The situation in Austria can be characterised by the lack of a comprehensive strategy and the lack of effective co-operation between the employment system and the educational system. Active labour market strategies combat (defensively) the social polarisation between skilled and unskilled people. This necessary and important focus on easing the negative consequences of the market dynamics is, however, not accompanied by an offensive and pro-active strategy to enhance innovative dynamics.[33]

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[32] Finanzierung des lebensbegleitenden Lernens, Länderstudie Österreich, 1998. Short Version, Ministry of Education, Vienna, Austria.

[33] Lassnigg (1998)

2.2 Sources of finance for general and vocational adult education

Apart from the basic finance of the different training institutions, the sources of finance for training provision varies according to the target group of the particular programme.

- Employers' and employees' insurance contributions (unemployment insurance): part of the budget of the unemployment insurance is used to finance training of the unemployed. A smaller share is used for the training of employed persons within objective 3 of the European structural policy.
- The compulsory fees to the Chamber of Labour and Chamber of Economics contribute a substantial share to the infrastructure of the training institutes of the social partners (BFI and WIFI).
- General tax-funded governmental resources (used to finance the people's high school and the regular training system for professional education at university level).
- Contributions from the European Social Fund (to finance further training of particular target groups of employees) and basic infrastructure of the newly established regional professional colleges ("Fachhochschulen").
- Individual training fees paid by the participants.
- Enterprise finance for firm specific training (stimulated by tax reductions).

In general there is little information about the actual amounts and flows of finance for the non profit oriented adult education and professional training. In recent years, additional finance for further training has been mobilised - the most important being the European Social Fund used to co-finance training for unemployed and employed people. Reliable information about total spending and the financial sources of continuous training are difficult to obtain, the main financial sources being private/individual, private/business, public (federal and "Länder"), and unemployment insurance funds, co-financed by the ESF.

2.3 Participation in further training

In general, data about participation in further training are very scarce and do not create a clear picture. Statistics about participants in further training neither differentiate between general qualification and professional qualification nor do they consider drop-out rates. Data stem therefore mainly from household surveys (1996). According to this information, 58% of employed adults are participating ("in some way") in further training activities, 26% of them are participating in organised forms of training. 79% have expressed the intention to participate in further training in the near future. While participation in further training is very frequent among the better qualified employees, personnel in leading positions and free professions, it is worth

noting that low qualified people rarely participate (20%). Gender gaps are relatively low - this picture changes if we take costs and duration of training measures into account.

2.4 The important role of active labour market policy in further training.

Since Austria joined the EU in 1995, ESF funds have been used to co-finance the higher qualification of the workforce (both unemployed and employed people). In the case of employed people, it is the employer who applies for and receives the subsidies. Qualification costs have always been split : 1/3 company, 1/3 Public Employment Service (PES), 1/3 ESF. The general rules for **company-based subsidised training** are explained in more detail:

1st phase (1995-2000):

The subsidy system was more or less open to all types of (private) companies and all target groups of employees. Large companies (with more than 250 employees) could also apply for subsidies if could argue how they were affected by structural change and explain which measures they had planned to adapt to the necessary change. The type of training eligible for subsidies excludes certain forms of workplace-related or supplier-provided training. Thus, subsidised employees' training was limited to qualifications which are generally useable on the labour market. During the first years, eligible costs included wage-costs during training, later on the eligible costs were reduced to external costs for training courses. Not surprisingly, the main share of financial resources benefited mainly large companies, men, and the skilled labour force. Various innovative approaches aiming at the enhancement of the adaptability of enterprises and their workforce have been introduced as pilot projects and mainstreamed as regular programmes of active labour market policy during this period (*Jobrotation, Qualification-networks*).

2nd phase (2001-2006, ongoing):

Learning from the first ESF period, Austrian labour market policy has shifted the emphasis to programmes to enhance the training activities of small companies, combined with financial incentives for disadvantaged target groups on the labour market: women, older, or low-skilled workers. Companies are regarded as important partners of the PES' active labour market measures. The ESF planning document, Objective 3 "Flexibilität am Arbeitsmarkt" ("Flexibility on the Labour Market"), is the basis for the enterprise-based approach to training.[34] Its main elements are:

a) Subsidies for training for employees:

The programme "Qualification for Employees" ("Qualifizierung für Beschäftigte")[35] co-finances training costs for companies which apply for subsidies.
The funding system is now clearly limited to the following **target groups:**

[34] BMWA: EDDP Ziel 3, Schwerpunkt 4: "Flexibilität am Arbeitsmarkt"

Companies: SMEs up to 250 employees (with the exception of Jobrotation projects, which are open to all sizes of (private) companies).[36]

Employees: Women and employees over 45 years of age.
Exception: Jobrotation projects may also include unskilled men.

b) Subsidised consulting services:

With the aim of enhancing the traditionally low participation of small companies, the PES has in addition launched a programme which provides subsidised consulting services for small companies with up to 50 employees, the programme is entitled "Qualifizierungsberatung für Betriebe". (Consulting and project management services are also offered to companies which wish to implement Jobrotation projects or to participate in a qualification network.)

Delivery system of consulting services:

The services offered to companies require a delivery system and cannot be executed with the limited personnel resources of the PES. Project management and consulting services have been commissioned with public calls for tender in all nine "Länder" in Austria. Several consulting companies have been awarded contracts and will implement the programmes in close co-operation with the regional PES offices. The consulting services are rather narrowly limited in terms of consultant day per company and are fully subsidised with PES and ESF funds. It can be estimated that the available budget allows a coverage of 2000 companies.

3. Is networking a relevant approach? A few theoretical considerations.

"Networking" means the relation between organisations (or their representatives) with the environment. It is a normal managerial activity and necessary for economic success. But networking and loose co-operations between organisations do not necessarily lead to networks. Networks can be defined as "relations of organisations", initially motivated and driven by a shared interest and future possibilities for its members.

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[35] website: www.ams.or.at/qualifizierung

[36] The role of SMEs (less than 250 employees) is of highest importance to the Austrian labour market: 99,6% of private enterprises are SMEs (Europe: 93%), they employ on average 11 workers (Europe: 6) and cover 69% (1,4 million) of the workforce in trade and industry sector.

Inter-organisational networks and their role in human resource development are of special interest in this context. They emerge in crisis situations when organisations are confronted with bottlenecks and problems which can hardly be overcome by individual action. "Networks allow firms to combine resources to gain knowledge, achieve economies of scale, acquire technologies and resources, and enter markets that are otherwise beyond their reach." [37]

Qualification networks can be described as "development networks" and only exist during a project cycle. They require a "facilitator" and organisational support - at least in the initial phase -, a task which is often covered by a project management unit. Sustainable networks are based on the shared interests of their network members and an organisational co-ordination. They are a means to an end but not an end in themselves. Jobrotation projects are not networks is this sense but require networking and co-operation of many partners. The mere bilateral relation between a company and a training institute is a normal buyer-seller relationship and is not a network.

5. Approaches to identify qualification needs

The OECD country survey of Austria assesses the methods and visions of qualification needs as insufficient.[38] After negative experiences with analyses and prognoses for educational demands in the 80s, systematic middle- and long-term prognoses had more or less been given up. A better integrated and co-ordinated system of forecasting qualification demands is urgently needed. It is not sufficient to claim repeatedly "higher qualification", "core qualifications", "communication skills", etc. A closer co-operation and feedback between the employment system and the educational system, between initial and further vocational training is overdue.

5.1 Micro/macro-analysis: The gap between the political and the organisational (enterprise) level

Good practice examples in other countries include transferable elements.[39] The London Skills Forecasting Unit started by forecasting employers' future demand for skills in the London Area, surveying and comparing indicators and trends in special sectors. These approaches combine analyses at both micro- and macro-economic level and form the missing link between the political level and practical measures. To concentrate on regions and/or industrial sectors might be the answer to the eternal problem of closing the gap between political will and political action.

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37 Doyles (2000), p.13

38 OECD Country Survey Austria, and Lassnig (1998)

39 London Skills Forcasting Unit, first annual report, 1998, www.skills-unit.com;

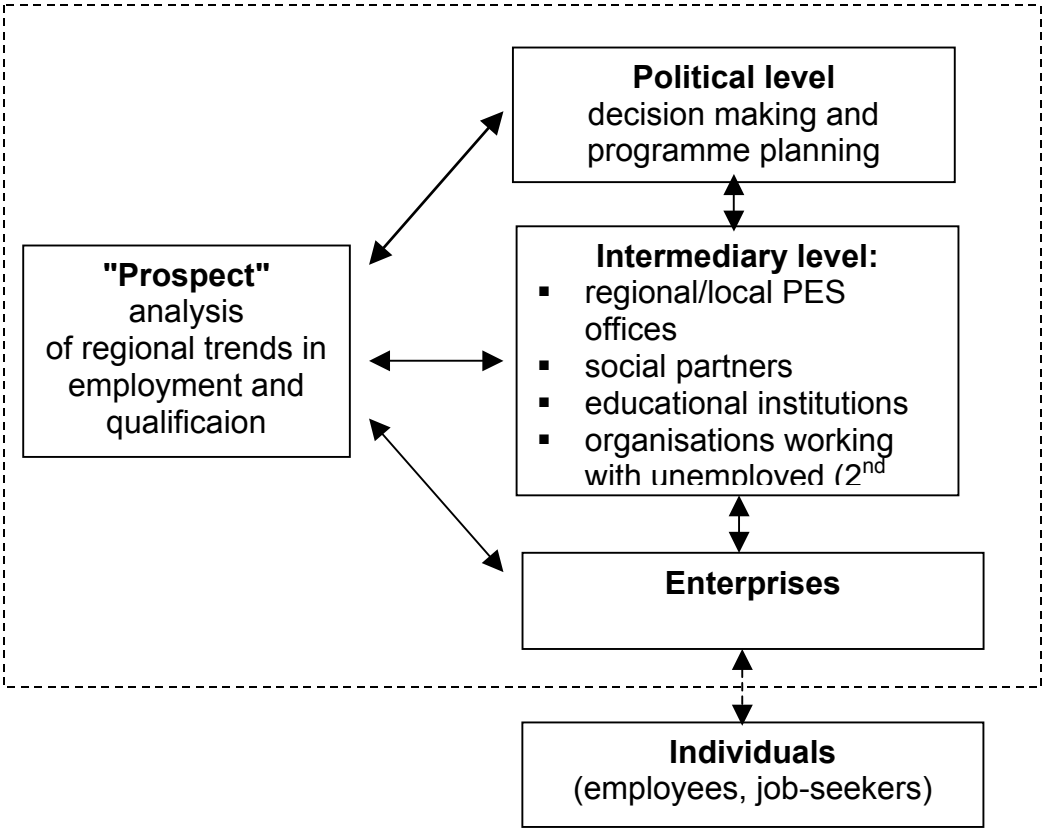
The approach developed by ÖSB-Prospect is based on good practice in The Netherlands and was adapted to the conditions in Austria. A first pilot project has been commissioned in Styria. The Prospect method is applicable for pre-defined regions ("Länder", NUTS - regions) and combines different data sources for analysis:

- Regional portfolios of employment trends by sectors, based on available official statistics of employment (employment trends according to gender, age, sector, etc.).
- Analysis of the regional labour force potential, based on unemployment statistics, including estimations of labour force reserves (hidden unemployment)
- Expert interviews (intermediary organisations)
- Interviews with enterprises in selected regions/sectors

The final analysis report combines demand and supply sides in quantitative and qualitative aspects. It can serve as background information for the planning of programmes for the regional employment and labour market policy. The problem (cost) is that these analyses should be periodically updated, the advantage is that changes over time gives invaluable information about labour market trends. The method gains value and reveals trends if the analysis is periodically updated.

Networking levels in the Prospect method:

Relevant environment / levels of co-ordination:



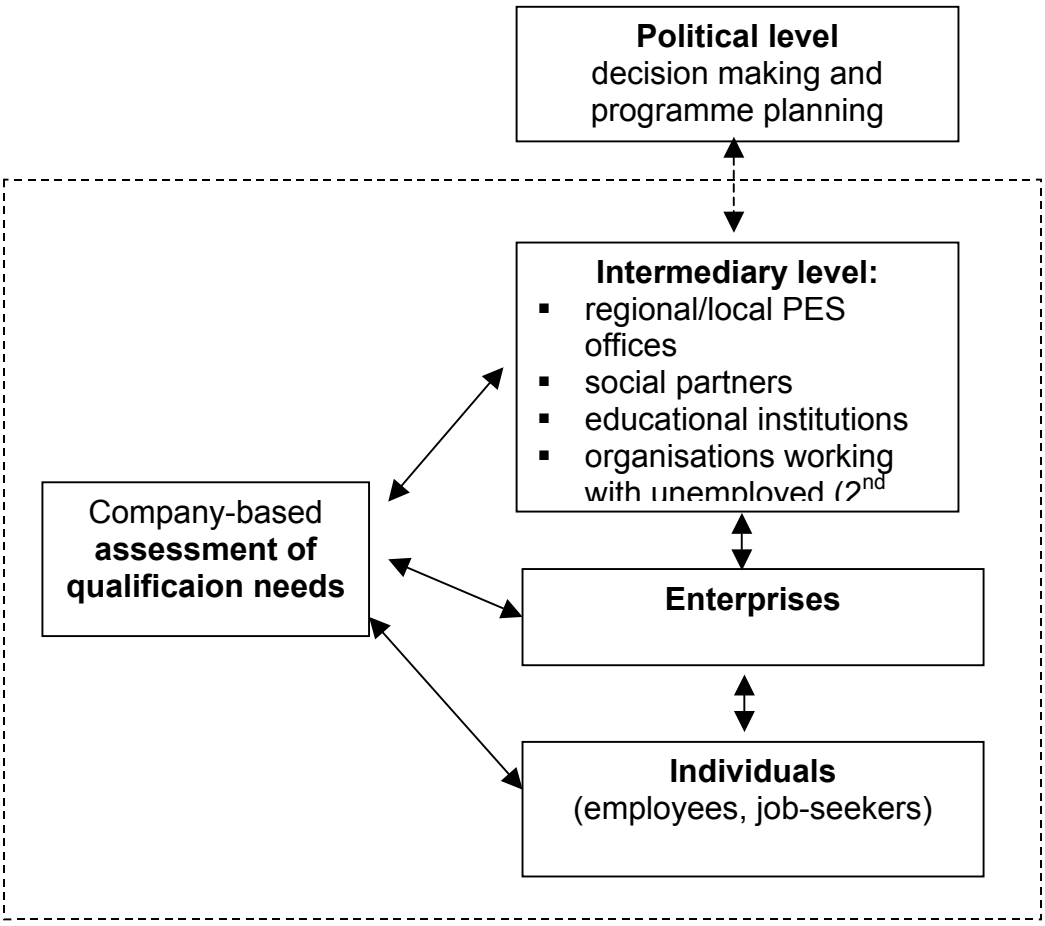
Company - based assessment of qualification needs:

If programmes of company-based assessment of qualification needs are to contribute to the general enhancement of the "knowledge based society", a key question is, how companies are selected. This is a question of programme design and depends on where the political (regional) decision makers wish to put the emphasis. Such criteria for targeted intervention can be:

- size of companies
- sectors, branches
- workforce profiles (gender and age aspects)
- companies which are growing or companies in crisis

In a company-based assessment of qualification needs, the co-ordination network consists of:

Relevant environment / levels of co-ordination



The key questions for successful qualification planning in companies are:

1. How to forecast the short and medium-term qualification needs
2. How to select the best methods for learning and suppliers of training
3. How to prevent bottlenecks during training
4. How to link training contents to the working context and make them "transferable" (effectiveness)
5. How to measure and evaluate cost/benefit of training (efficiency)

5.3 Active labour market programmes to assess and meet qualification needs of companies

For many years, the Austrian PES has piloted and finally mainstreamed several company-based approaches, one of the first was the "labour foundation" model which was developed in the period of industrial restructuring and aimed at professional reorientation in cases of large scale dismissals. In the following years, demand-side oriented approaches were developed and mainstreamed:, consulting services for small companies to assess qualification needs, Jobrotation, cross-company qualification networks, and the ad-hoc programme tele.soft for the ICT sector. These demand-side oriented approaches will be explained in more detail:

1 Consulting services to assess qualification needs of enterprises (Qualifizierungsberatung für Betriebe): Programmes have started all over Austria in 2001.

2 Jobrotation: Programmes have been re-launched in 3 Länder (Styria, Lower Austria, Upper Austria).

3 Cross-company qualification networks ("Qualifizierungsverbünde"): Programmes have been re-launched.

4 tele.soft ad hoc programme for the ICT-sector: Innovative programme of the PES Austria, federal office, 1999-2000.

Company based, demand-side oriented approaches:

	Subsidised consulting service and project management	Integration of unemployed	Qualification measures for employees	Subsidies for the companies (costs of qualification)	Size of companies eligible for subsidies
1. Jobrotation	yes	yes	yes	yes (for employees belonging to the target group)	all companies
2. Cross-company qualification – networks ("Qualifizierungs-verbünde")	yes	is not a core part of the programme	yes (group purchasing of training courses)	yes (for employees belonging to the target group)	at least 50% of the networking companies must be SMEs
3. Consulting services to assess qualification needs of enterprises ("Qualifizierungs-beratung für Betriebe")	yes	is not a core part of the programme	yes	companies may apply for subsidies if the trainees belong to the target group	small companies (up to 50 employees)
4. Tele.soft programme for the ICT-sector	yes	yes (after a period of tailor-made pre-training measures)	not a core part of the programme	no	all companies

Indicates the main focus and objective of the programme

Assessment of qualification needs in small companies

Large companies with specialised human resource managers usually have experience and proven procedures of qualification planning. Small companies frequently lack personnel resources for personnel development. Human resource development is one of many tasks of the general manager or owner of the company. The introduction and implementation of new tools of strategic personnel planning is expected to enhance the sustainable development of human resources and of the company as a whole.

Small companies tend to invest less in upgrading and updating the qualifications of their employees, the main reasons are:

- Human resource development is one among many entrepreneurial tasks and frequently has low priority for the manager/owner of small companies,
- Lack of information about the training market and public subsidies for training,
- Company strategies and goals are not explicitly defined and communicated,
- Pressure on competition and innovation is not recognised,
- High fluctuation among employees is seen as a reason and not a consequence of the low level of company-based training activities,
- and frequently: investment of working time and cost are considered too high.

The assessment of qualification needs should be demand oriented, pro-active and company-based, integrating both individual and organisational levels: strategic goals and human resource demands of the company as well as qualification needs and career plans for the individual employee.

A company-based assessment of qualification needs can be introduced and supported by external consultants and includes 3 main steps:

a) Commitment of top management

The starting point is an interview with the top management of the company: How was the experience with training measures in the past? Which are the forthcoming changes in markets and production and technological innovations? Who are the key people to be involved in the assessment process? In which way can employees be included?

b) Involvement of employees

The second step consists of workshops with the middle management (or, in small companies, with groups of employees or with the whole staff). The top management informs the employees about the strategic goals and objectives of the company.

Involvement of employees can be achieved either with a **workshop** or with **personal interviews** between the employee and his superior, usually covering the following main points:

- Which qualifications and skills do we need to fulfil the goals of the company (of our division)?
- Which are the contents of further qualification which can fill the skills gap ?

- Which methods of learning are most effective (assessment of past experiences in training)?
- Are there bottlenecks in human resources at the workplace / in the department?

The results are put together in a synthesis report with a draft qualification plan.

c) Project plan with the top management

A final strategic qualification plan with cost calculations, an implementation schedule and a list of all participating employees is set up.

The procedure of assessing qualification needs

main steps/ participants	objectives
Winning the company: 1st contact with the top management Information	Commitment of the top management ▪ Strategic goals? ▪ How is personnel management actually organised and who is responsible?
⇩	
Involvement of relevant organisational levels and employees	Workshop with top and middle management. ▪ Design, methods and scope of the project, planning period (on a yearly basis) aims and objectives of the qualification measures. ▪ Analysis and forecast of qualification needs, based on strategic goals option: interviews with employees
⇩	
Planning of qualification measures	▪ Detailed planning of methods, participants, costs, timing ▪ Selection of/negotiation with training providers ▪ Final qualification plan ▪ Approval by the top management
⇩	
Implementation phase	Ongoing evaluation of the training project (assessment of the results, transferability to the work place, quality of the training provided)

The programme level:

Who is involved and which are the expected benefits for the PES?
A steering group is constituted at regional level (PES regional office). Statistical information about consulted companies and relevant results will be periodically reported to the local PES offices and the steering group. The PES will gain more information about business in the region, especially for labour market relevant trends.

Jobrotation

Jobrotation was introduced in Austria in 1996 in the framework of an ADAPT project and has been integrated as a regular instrument of active labour market policy (ESF plan 2001-2006). Programmes have since been implemented in different industrial sectors and regions, focussing on different target groups on the labour market and on different sizes of companies. The main advantage of small companies consists in the enhancement of personnel development structures and tools inside the company, providing better information and knowledge about training methods and training providers for the management and for employees. Projects with large companies had considerable quantitative effects regarding the integration of unemployed persons, and contributed to an improved matching between demand and supply on the labour market.[40]

In Jobrotation projects managed by ÖSB, a total of 66 companies have been involved with about 3000 employees in training and 300 formerly unemployed people working as substitutes while the employees took part in training programmes. As many as 80% of all substitutes could be integrated into regular, permanent jobs within the same company.

Programme development:

Jobrotation has been integrated as a regular instrument of active labour market policy and is financed by the European Social Fund and the Public Employment Service (PES). General guidelines at national level define the basic conditions for implementation at regional level. (Two thirds of qualification costs are subsidised. The company finances one third of the training costs for employees and the wage costs for substitutes - wage subsidies can also be granted in case of hiring long-term unemployed.) The regional offices of the PES administers the funds and defines Jobrotation programmes in accordance with the specific goals for the regional labour market. A programme management unit is commissioned. It co-ordinates the partners' activities and tasks and offers consulting services to the companies.

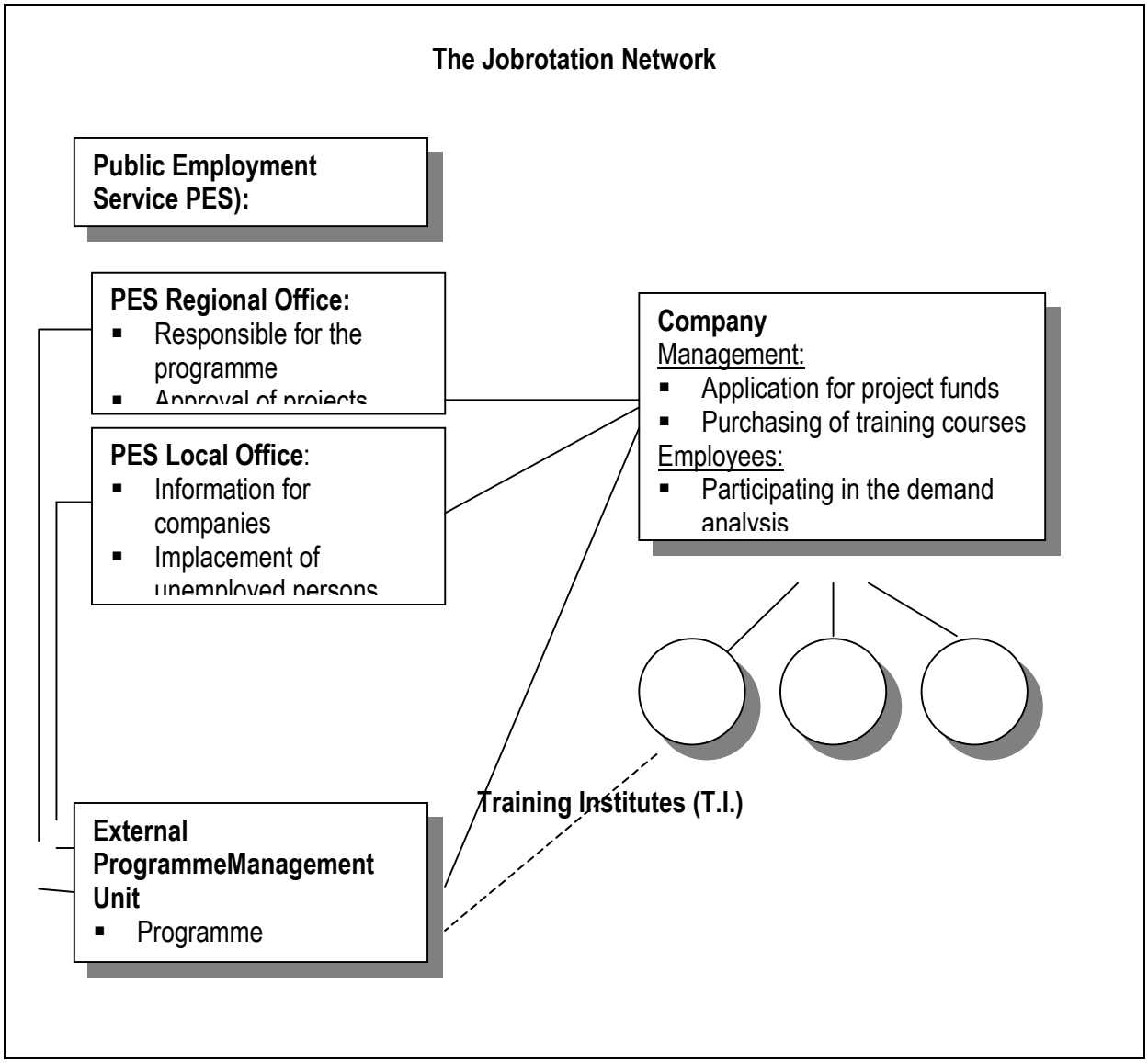
[40] Feiler (2000)

Project implementation:

Project implementation involves a network of partners co-ordinated by the programme management unit. The company's part is to develop qualification plans for their employees and to define the need for additional labour (job demand profiles for substitutes). The local office of the Public Employment Service is responsible for pre-selection and placement of the unemployed. Various training institutions are involved to cover the range of qualification needs. The regional office of the PES subsidises the project on the basis of a project description. The task of the programme management unit is to inform and win the companies, to offer consulting services to the companies, to co-ordinate the partners and to steer the implementation process.

Critical assessment:

The combination of employee qualification with the integration of unemployed people who work as (temporary) substitutes is not in all cases a solution to bottleneck problems. In some cases it entails additional complexity and is difficult to organise. The rather generous possibilities to receive subsidies for staff training might in some cases result in dead-weight effects. This can be avoided by the PES setting clear targets and quality criteria for eligible training measures.



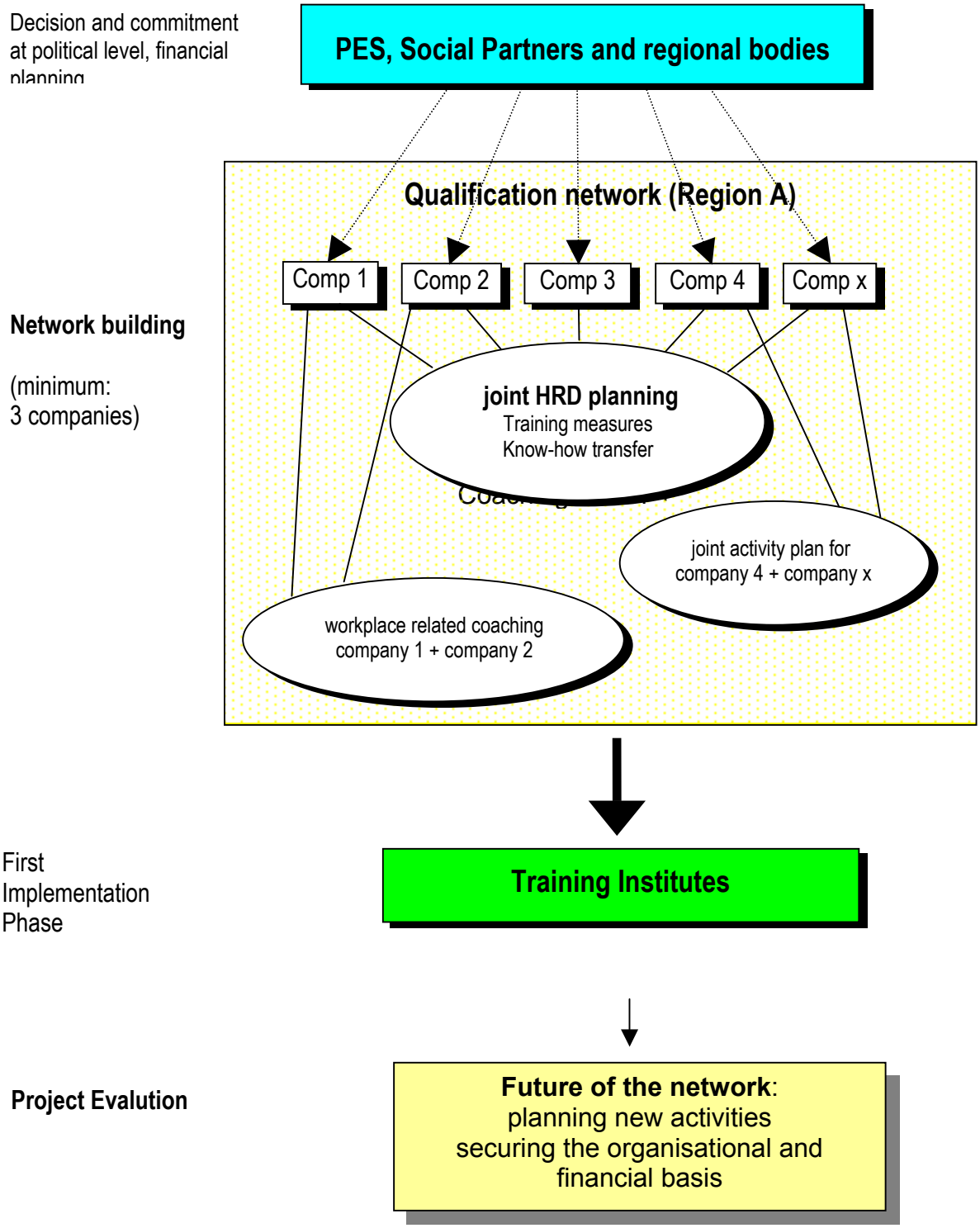
Cross-company qualification networks

Qualification networks can be subsidised when at least three companies join together with the objective to plan and implement qualification measures for their staff. Qualification networks are a good solution for small companies and companies situated in non-urban areas because the network has a strong enough purchasing power to buy tailor-made training courses, a possibility that they would not have in case of isolated action.

The main advantages of cross-company qualification networks are that the network:

- Helps to overcome the isolated action of individual companies, especially of SMEs
- Enhances tailor-made solutions, because training supply is driven by the needs of the companies in the network
- Enables a better cost-benefit ratio of the training measures: group purchases of training courses help to achieve better prices and better quality
- Facilitates the building of sustainable company networks

Procedures and project phases of a qualification network



The implementation of qualification networks involves the following steps:

- The definition of general rules for the network and shared responsibilities for its members.
- Assessment of qualification needs and planning of training measures in the participating companies.
- Similar qualification contents are to be defined, a joint training plan is set up.
- Selection of training providers:
  Selection can be organised through a tendering procedure. The best offers, in terms of quality and price, can be selected.
- Co-operation between training providers and the network is used to design tailor-made courses.
- Implementation of the training programme.
- Key persons (coaches) in the companies are trained:
  The implementation of HRD responsibilities in small companies aims at achieving sustainable HRD –procedures.
- Know-how transfer between network members:
  A horizontal know-how transfer between the network members can be organised, companies can learn from each other.
- Evaluation of training measures.
- Identification of future joint activities
  Joint action can be planned, some companies might wish to continue co-operation in the field of HRD or in other fields,e.g. marketing

Since 1995, the ÖSB has management qualification networks (QN) in different regions and sectors, with a total participation of more than 150 companies:

Name of the qualification network (QN) (examples) :	Financed and commissioned by:	Participating companies:
QN Triestingtal	PES Lower Austria	23
"Techno-Z-Holz" (carpenters in the Salzburg region "Lungau")	PES Salzburg	10
Publishing companies in Vienna	PES Vienna	10
QN "Ausserfern"	PES Tyrol	40
QN for retail trading companies (target group: female employees)	PES Tyrol	15
QN Styria	PES Styria	25
QN printers	PES Upper Austria	10
Silicon Alps Cluster (ICT companies)	PES Carinthia	20

Tele.soft: ad hoc programme for the ICT sector

Demand for IT specialists used to be higher than the available workforce. A lack of adequate training for many newly emerging professions was observed. As experienced specialists are rare, many persons with different vocational backgrounds have new opportunities. Nevertheless, it is difficult for unemployed persons to use these opportunities.

This was the situation, when the Austrian PES, federal office started the ad hoc programme and commissioned its development and implementation from the ÖSB. The objective of the programme was to improve the matching of supply and demand on the labour market, to develop tailor-made training curricula for 600 unemployed persons, and to facilitate their employment in this sector.

The cornerstones of the programme consisted in:

- Demand analysis of open job opportunities in more than 50 ICT companies all over Austria. Job descriptions for job vacancies to be filled with pre-trained unemployed were defined together with the management of the companies.
- Information and screening of unemployed persons with the capacity to acquire the demanded skills.
- Training courses of up to 6 months were commissioned by the PES in a tendering process.
- Network-building between relevant actors: job seekers, companies, training providers and the PES with the aim of facilitating the matching process.

When most training courses were completed in autumn 2000, about 55% of the trainees found regular jobs in the ICT sector. Many others have substantially increased their job chances after having acquired skills in the new technologies.

5. Concluding remarks and aspects of transferability

The rapidly changing labour market requires business-related approaches, based on systematic and comparable forecasts and networking of involved organisations. Mainstreaming of labour market policy measures has the disadvantage of loosing the required flexibility to react to changing conditions. Monitoring, evaluation and flexible adaptation of measures is necessary.

The main challenges will be:

- How to overcome shortages of skilled labour, even in situations with high unemployment rates.

- How to prevent social exclusion, a polarisation of the workforce/ the labour market.
- How to combine flexibility of the labour market with security to prevent exclusion.
- Improvement and development of the vocational further training systems, with higher participation rates, quality and adaptability to change.
- The changing role of the PES, which is now in a competitive market.
- How can it combine the expectations and demands of the business sector with the task of preventing social exclusion.

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PART II Answering territorial qualification needs through new corporate and employment forms

Answering qualification needs through multiple jobholding arrangements: multi-level coordination in France and Sweden

Sophie Rouault

1. Introduction

1.1 Contextual and theoretical background:

The development of nonstandard employment relationships (part-time employment, short-term contracts, temping, on-call work, multiple jobholding; cf. Kalleberg *et alii* 2000; Oschmiansky and Schmid 2000; O'Reilly and Fagan 1998), while providing employers with flexibility and therefore competitiveness, provides contingent workers with lower average incomes and lower social benefits (Hudson 1999; Rouault 2001). Moreover, a growing proportion of nonstandard workers is constrained to take part into contingent working schemes (Bothfeld 1997; O'Reilly *et alii* 2001) – 'post-modern' workers being a small minority among nonstandard workers.

Both employment trends put into question the equity principle founding modern welfare states (Schmid 1994): to be socially acceptable, economic flexibility should be buffered by renewed norms for a fair social protection and employment of quality. Designed historically to protect full-time mono-active male workers and their family (Lewis 1992), most (continental) European employment systems are unsurprisingly ill-fitted to protect contingent workers and provide them with satisfying working conditions. This political agenda of 'Equity and Quality' is currently under debate among European governments at the EU level – as the proceedings of the European Council of Lisbon (in March 2000) and Stockholm (in March 2001) and a recent communication of the EU Commission (in June 2001; cf. EC 2001) show it.

Beyond this macro-political agenda, the national legal frameworks aimed at renewing labour market regulations (facilitating the flexibilisation of working patterns, etc.) also have to arouse acceptance at the firm and individual levels, to gain legitimacy from both labour contracting parties. Laws have in a word to provide economic actors – and mainly workers - with “social incentives” (Schmid 2000) towards flexibilised working patterns.

Moreover, diagnostized skill and qualification needs are to be pragmatically dealt with on a day-to-day basis, when a firm is confronted with flexibilisation constraints or with skill shortages, for instance. At this local or micro-level (firm or inter-firm level) or at the meso-level (branch or regional level), skill needs could be ideally answered through consensual negotiations among cooperative implementation networks, making the “qualification match” possible, rapid and efficient.

The issue of this comparative and empirically based contribution is therefore to explore and analyse this two-level economic-political game: when a firm, a territory or a profession is confronted with a severe qualification or skill need, which actors / levels (national / regional) come into play and how do these interact to achieve a satisfying qualification matching process?

1.2 Introducing the comparative case-study: France v. Sweden

Wondering if labour markets are sending the adequate political signals and offering the legitimate social incentives (Schmid 2000) to mobilise the flexibilised workforce they are calling for, we chose to address this issue from a very empirical point of view, concentrating on two national experiments dealing with this policy issue through multi-level bargaining games.

- A *French* experiment, where an alarming diagnosis on the very high part-time or seasonal unemployment among sport professionals was established, which urged the mobilisation of national and regional networks to invent new occupational compounds / combinations of occupations to enable these workers to reach annual full-time activity while staying in the mountain region they live in.
- A *Swedish* experience, where the health sector is confronted at the same time with a stable and high part-time unemployment and a growing skill shortage, despite the mobilisation of multi-level policy networks to push health workers to get full-time employment.

In both cases, the policy issue was to organise on both national and local levels a ‘matching of quality’ between identified demand for and offer of specific skills, by easing the combination of occupational activities, so as to enable the workers concerned to reach an annual full-time. But the role played by training policies in each case is quite differentiated, showing that the continuous qualification of workers

(in a lifelong learning perspective) is not always the primary objective in matching qualification offer and supply.

The point in bringing together those two somehow contrasted policy experiments is to underline the similarities both in the interorganisational coordination strategies implemented and in the policy-mix mobilized to answer and solve those two different types of skill needs. In both coordination processes, a decisive role is played by:

- on the one hand by individual preferences for some specific work and life arrangements
- and on the other hand by binding regulations establishing a framework of social incentives

=> The correlation of both elements through a mediation function can simply make of the policy coordination and the qualification match a success or a failure.

Our hypothesis is here therefore that if social and employment regulations play a crucial role as incentive or disincentive to adopt a particular attitude to work at the individual level, advocacy coalitions at the national *and* local levels are necessary to implement both legitimate and efficient strategies for qualification matching (and vice versa). This policy-mix between hierarchical and network coordination, this two-level game between horizontal and vertical coordination seems to be the only way towards the elaboration of new regulations and societal representations of work that enable a quick and efficient but also legitimate answer to identified skill and qualification needs. In a word, policy networks and hierarchies need each other and are very interdependent regulation devices in modern social policymaking.

1.3 Structure of the paper:

We will first recall the old but ‘ever coming back’ debates on administrative coordination or inter-organisational coordination, such as analysed in the fields of political science, policy analysis and public administration, so as to present the instruments we are going to use in our comparative case-study - namely the conceptual toolbox of policy networks, that enables us to bridge macro- and micro-analyses, on labour market institutions on the one hand and on individual working preferences on the other.

We will then present the two national cases as multi-level bargaining processes, focusing successively on the different levels of negotiation, trying to identify the form and function of each policy network at play and more specifically the interaction between national and subnational networks, between vertical and horizontal policy networks.

We will finally try to summarise our main results in the form of a matrix crossing the horizontal and the vertical dimension of political coordination, in an attempt to

bring together anew but in a non mutually exclusive way network / hierarchical / and market regulations in describing the processes of territorial skill matching.

2. Answering skill needs through inter-organisational coordination: disentangling a complex policy debate

This first part of the contribution shall provide us with the elements of an ongoing – both political and scientific – debate on the need for more coordination among labour market actors, as prerequisite on the way towards competitive (regional) economies. We are therefore focusing on rather normative and prescriptive analyses, which we shall then test through a comparative case-study, led in the second part of the contribution.

2.1 The desectoralization of education and training policymaking: is "LLL" a subproduct of economic policies?

Bringing together labour demand and labour supply so as to reach a satisfactory **qualification match** has become a political issue in many OECD countries (Hilbert *et alii* 2000; Gülker *et alii* 2000); most national governments established 'working groups' or 'expert networks' to gather information and design strategies for a more efficient policymaking, so as to tackle a double issue – long-term unemployment (or full employment, in other words) and foreseen sectoral skill-shortages[41].

In this political context, 'partnership' has become a key and catch-all word (Lowndes and Skelcher 1998), which sometime hides the complexity at stake. A strong **segmentation of policymaking** - in the form of industrial / employment / training policies dealt with separately (Muller and Jobert 1987) - is henceforth considered as unsustainable and sub-efficient: so as to enhance their competitiveness and enter the era of economic globalization, post-national economies (Scharpf 1999) must implement a sound management of their human capital - as the European Commission's *White Book on Growth and Competitiveness* underlined it in 1993, giving a high and enduring visibility to this political issue (EC, 1993). Training policymaking is therefore under the scrutiny of economic policymakers, who tend to subordinate it to macro-economic goals (Peters 1998).

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[41] - Just to mention 3 examples : the German Federal Ministry for training and research has established in 1999 a national research and information network named FreQuenZ, not to quote many regional based initiatives led by the foundations of the unions of employers or employees ; the French government has established an expert group of researchers and highly ranked civil servants to deal with qualification prospects (*Groupe prospective et qualification*, Commissariat général du Plan) ; Ireland's government founded in 1997 an Expert group on skill needs to tackle the above mentioned issues.

Making this new hierarchy of goals explicit therefore uncovers a decisive '**cross-cutting' process** at work: education and training policies have been moving from the ministerial portfolio of 'social policies' to the economic portfolio, the discourse on social promotion of individuals being progressively overwhelmed by discourses on capacity building and employability of the workforce (Mosley and Schütz 1998). This process can be analysed as **paradigmatic change** (Hall 1996) in training and employment policies, as far as it modified the believes, strategies and instruments of policymakers – among which inter-organisational coordination gained an increased importance. But let us first describe in more details the role of transorganisational coordination in this paradigmatic change of employment policies.

2.2 The governance narrative: 'adhocracy' or network government

Confronted with this changing relationship between economic and social policymaking, governments have to produce discourses that justify policy change; and in this 'competition for meaning' (Fox and Milner 1995), the discourses on policy networks are part of emerging **political narratives**, which have for a role 'to certify and stabilise the assumption needed for [non-]decisionmaking in the face of what is genuinely uncertain and complex' (Radaelli 1998). In a context characterised by a high interdependence between economic and social policymaking (keywords: competitiveness and human capital), some discourses underlines (as seen above) that the boundaries between state organisations, the private and the voluntary sectors are shifting, because of a 'need to exchange resources and negotiate shared purpose' (Rhodes 1998). Policy networks are therefore understood as an inter-organisational device to manage interdependence; they are aimed at sustaining such exchanges and negotiations and they are therefore part of a '**governance narrative'** emerging in all democracies.

This is not to say that policy networks are only instruments of symbolic politics, but to underline that confronted with a high decentralisation of social policymaking and a relative deregulation of labour markets, state apparatuses are often relying on network exchanges to elaborate policies and norms they are not any more able and / or willing to impose from 'above' (Lallement 1999).

2.3 The comeback of policy coordination: the vertical and horizontal dimensions

This paradigmatic change in employment and training policymaking therefore entails an increased need for inter-organisational coordination.

Firstly an increased **vertical** coordination is called for more regular interactions and exchanges of information between industry and public decision-makers, between firms and universities, between researchers / evaluators and decision-makers, etc., i.e. between State and Society actors, are needed. In those regulation processes of a cooperative nature, interorganisational coordination should enable a more informed

or responsive policymaking. Skill needs of firms being ideally answered in an ever more rapid mobilization of both parties (the time dimension becoming more and more central).

Second, an increased **horizontal** coordination is also called for. Decentralisation of policymaking is not only seen as more democratic (in a federalist perspective), but also a gage of efficiency as regions became central entities in the globalized economic competition (Piore and Sabel 1983). Political discourses on decentralization henceforth insist on a regional economic competitiveness based on region-specific strategies for human capital development – as the *European Guidelines for Employment policies*, agreed upon each year since the Amsterdam intergovernmental conference (1997), epitomise it.

In this new policymaking framework – present in discourses if not in administrative practices – the concept of policy network can be used (and has been already extensively used) to specify the nature of these coordination devices.

2.4 Policy networks as conceptual lens (and nothing more): some basic definitions and hypotheses

Governance refers to self-organising, inter-organizational networks. These networks are characterised, first, by interdependence between organizations. Changes in the role of the state meant the boundaries between public, private and voluntary sectors became shifting and opaque. Second, there is continuing interactions between network members, caused by the need to exchange resources and negotiate shared purposes. Third, these interactions are game-like, rooted in trust and regulated by rules of the game negotiated and agreed by network participants. Finally, the networks are not accountable to the state; they are self-organising (Rhodes, 1998, 32-33)

If we refer us to this descriptive definition of the role played by policy networks, basic characteristics can be established to differentiate between hierarchies, markets and policy networks, considered as competing models for political-economic regulation: networks are a form of social coordination to manage interdependence, relying on trust and reciprocity and aimed at exchanging policy resources (knowledge in most cases), and which proceed through negotiation or ‘diplomacy’. Policy networks are therefore an **alternative** to markets and hierarchies, and moreover rather **complementary** to them (as we will in our comparative case-study).

	Markets	**Hierarchies**	**Networks**
Basis of relationships	Contract And property rights	Employment relationship	Resource exchange
Degree of Interdependence	Independent	Dependent	Interdependent
Medium of exchange	Prices	Authority	Trust
Means of conflict resolution and co-ordination	Haggling and the courts	Rules and Commands	Diplomacy
Culture	competition	Subordination	Reciprocity

Table from R.A.W. Rhodes (1998: 36-37)

A large literature has been produced on policy networks in the last years (cf. Knill, 2000) to refine these categories and specify the forms and functions of networks; we will only here remind of a basic classification of networks, such as those initiated by the seminal work of March and Rhodes (1992). In short, policy network has to be used as a generic concept, which can vary along a **continuum** according to the closeness of the relations between the network participants:

- At one end of the continuum is the '**policy community'**, characterised by a limited number of participants; the frequent and high quality of the interaction and a relative balance of power between them; the consistency of values and preferences that leads to consensus and policy outcomes persisting over time.
- At the other end of the continuum, is the '**issue network'**, characterised by numerous participants; fluctuating interactions; the absence of consensus (or the presence of conflict); an unequal relationship and non durable outcomes (if any, issue networks being often used for consultation).

These basic definitions of policy networks and basic hypotheses on the solidity of the policy outcomes produced according the configuration of policy networks shall provide us with a broad conceptual lens through which one can observe the qualification matching processes at work in our French-Swedish case study: how efficient are policy networks to overcome qualification needs or skill gaps; are not hierarchies still holding some 'policy virtues'?

3. A comparative case-study: bringing down part-time unemployment among French sport teachers and Swedish health workers

This comparative and empirical part of the presentation is exploring policy processes taking place in two national contexts and aimed at solving a qualification mismatch through a multi-level bargain between political and societal actors: on the one hand, in France, a qualification mismatch occurred which caused among the occupational category of sport teachers an (involuntary) part-time and seasonal unemployment,

while on the other hand, in Sweden, the health sector is confronted with a structural skill shortage caused by a combination of (voluntary) part-time work and (voluntary ?) part-time unemployment among its 'street-level' workers.

In both cases, the identification of a skill mismatch gave way to a complex negotiation processes, led both at the central and the decentral levels and between representatives of public administration / employers and employees / and eventually with training organisations. In both cases, the bargaining process took the form of a classical "trial an errors" process, where a first failure of coordination produced a new round of coordination.

To analyse those two multi-level bargains, we will proceed in four chronological steps: the mismatch diagnosis / the first try and failure / the key moment of the social construction of complexity / the result of the negotiation in qualification matching terms at the moment 't' (for *t*oday), trying at each step to characterise the type of policy regulation and policy network at play.

3.1 Establishing a diagnosis: part-time unemployment as common policy-problem

In the French case, local representatives of the Department for Youth and Sports gave the alert in 1999: among the 1500 graduated sport teachers delivered each year by the public training system, very few remains in the sector and among those a large majority is truck by seasonal unemployment. Each year, the public educational resorts hire on the average 50 of them. This diagnosis was confirmed by some regional authorities in the Alps region as they established a pluri-annual occupational scheme for the sport professionals[42].

In the Swedish case, part-time unemployment is part of a political debate of a cyclical nature: the topic becomes a political issue each time the employment rates improve - according to the representatives of the National Labour Market Board (AMS). Longitudinal studies led during the last five years showed that despite a steady increase of employment rates, it goes with both an increase of part-time employment and a steady part-time unemployment. The issue became particularly salient in the health sector as a growing skill gap was appearing at the same time, the development of which is already foreseen as a 'national disaster' - because of demographic trends in the population (number of trainees / year) and a wave of retirement to come.

[42] - This part of the paper relies mainly on semi-structured interviews and official reports gathered during two field inquiries, led in France (in Paris and the Rhône-Alpes region) in April 2001 and in Stockholm in August 2001.

France	Sweden
Facts: 1500 graduates / 50 posts offered in the public sector each year for sport teachers and a high seasonal unemployment in the private sector	Facts: FT employment is increasing but part-time unemployment remains stable, especially in the health sector
Coordination device: < National Department for Youth and Sport and its local representatives + Regional Authorities for the *planning* of training policies: hierarchical regulation.	Coordination device: < National Labour Market Board (AMS), led an inquiry on part-time work in firms (1996-2001): an instrument of information and *control*
Framing the policy-problem and a solution: => Identify locally sectors confronted with skill needs, to provide their workers with an "occupational complement"	Framing the policy-problem and a solution: => Convince employers and unions to "give more hours" to health care workers working on part-time basis

*Table 1**: Elements of the mismatch diagnosis***

Despite an apparently common issue – part-time (un)employment, the policy-problem was framed in quite different terms in both cases :

In the French case, a first coordination of a hierarchical nature took place between national and regional representatives of the Youth and Sport Department and of the Education Department: these public officials chose to 'push' the issue on the marginal policy agenda of bi-qualification[43], which was seen as an evident and simple solution for the problem at stake. In a typical **top-down policy dynamics**, the problem and a (unique) solution were framed through a hierarchical process of coordination.

In the Swedish case, complementary data were gathered by local employment agencies, so as to measure the proportion of voluntary and constrained part-time work: 25 % of part-timers were willing to work more hours and were therefore considered as constrained part-timers; giving them access to full-time employment became the policy priority. The strategy adopted was then to get into **direct contact with employers**, to inquire their skill needs with the help of questionnaires – asking for each person employed on a part-time basis if the opportunity for a "extension" to full-time exists, in a very subtle form of **hierarchical control** - as each (pseudo) questionnaire has to be signed by both the employer and its employee.

[43] - It refers to the possibility offered to students to get two diploma, while having taken part in a single (integrated) training programme.

One can notice that in both cases, information gathering plays a crucial role in the framing of the policy-problem – but even more crucial is the nature of the channels used: as we will see now, information gathering through hierarchical or authoritative channels can lead to serious strategic errors.

3.2 'Trial and error': dealing with the unanticipated consequences of top-down regulation processes

In the French case, having led regional analyses and identified sectors with skill-shortages, two national departments decided to 'put together' two of their training courses- the curricula of which had nothing in common (sport teaching + industrial maintenance). As they belong to two heterogeneous sectors, the skills at stake could not combine into a coherent work compound and the national policymakers were rapidly forced to acknowledge their failure, as (almost) nobody got registered to attend the 'biqualifying training session' imagined in a centralised and insulated process.

The idea of biqualification was nevertheless preserved and 'exported' into a policy network launched by the Department for Employment and Solidarity. As it gathered policy experts on an trans-organisational (administration / associations / employers' and employees' unions / etc.), on an informal basis and for a limited timespan, we can define this second coordination device as an **issue network**. The exchanges were indeed this time more aimed at **forging a 'common culture of multiple jobholding**'- in which biqualification was one policy strategy among others, as at deciding upon a policy step. These exchanges of information among national and local policy experts gave way to a **consensus** on the fact that combinations of occupations have to rely on a internal rationale, so as to develop a 'synergy effect' – both in term of work organisation, of competence or economic profitability.

The national Departments involved in the issue network then agreed on cofinancing (on an experimental basis) a few 'coherent' biqualifications. The organisation of these biqualifying training sessions was delegated to local training organisations. One of those was given the responsibility to gather information on previous experiments and to design with trainers the innovative curricula. It is worth underlining that this **training engineering** had for first function to help the two teams of trainers to cooperate, that is to help them to 'overcome their sectoralized culture' (motto: "a profession = a diploma") to enter 'a common culture of complex competence compounds' (tourism + sport = several possible combinations of activities, evolving over time). These training engineers fulfilled therefore a **strong mediation function**; helping to modify strongly institutionalised occupational cultures.

France	Sweden
Analysis of a policy failure: a combination of occupations has to entail a synergy effect to provide individuals with a set of social incentives	Analysis of a policy failure: the generosity of the unemployment insurance combined with exhausting working conditions can make of part-time unemployment a deliberate life choice: that is the case in the health sector
New trial: experimental biqualifying training courses built at the junction of three expanding and cross-cutting markets – sport as leisure / tourism / nature and environment	New trial: training sessions to improve individual skills and get a FT (no effect) + change the culture and habits of work organisation in the health sector (in process)
Coordination device: issue network gathering national and local experts, from the administration, the civil society and the unions + local experiments led by a policy mediator	Coordination devices: local networks gathering employment offices, municipalities and employers = community networks + threat of lawmaking: hierarchical regulation

Table 2: A process of trial and errors – between hierarchical and network coordination

In the Swedish case, the initial objective was for the central administration (AMS) to get into direct contact with the employers through their unions, organising at the local level into policy networks aimed at reducing involuntary part-time: some of them organised working pools or 'self-regulating' time arrangements. But the AMS had to admit rapidly that a different type of coordination was required in the case of the health sector: because of a strong **decentralisation**, the municipalities are responsible for the planning of health issues and moreover the daily organisation of work is dealt with at the unit level. Confronted with the complexity of this coordination effort, training policies were seen as a pragmatic "shortcut": local employment services were asked to offer training sessions to health-care workers during their unemployed part-time. The opportunity to upgrade one's skills should have "logically" led to full employment: it did not happen; health workers remained part-timers. The AMS local offices received precise guidelines from the central office ('not start training if employer does not guarantee full-time afterwards'), but already begin to 'reframe' the policy problem.

- Part-time (un)employment in the health sector was identified as **voluntary** ; several reasons explains this state of facts:
- Exhausting working conditions makes full-time work in the health sector unattractive.

- A generous unemployment insurance produced ‘small arrangements” with the law’: successive short-term contracts allow the workers to renew regularly their entitlement to unemployment allocations, and thus to remain in a stable and economically profitable combination of part-time work and part-time unemployment.
- This new diagnosis urged the AMS to design new coordination devices; the problem was indeed suddenly seen as particularly urgent, as severe skill shortages are foreseen in a mid-term perspective (wave of retirement to come in the next 10 years). The AMS initiated a “regulation-mix”:
- On the one hand, local policy networking is organised by the AMS, in coordination with its local officials: ‘working groups’ are organised which gather AMS local offices, municipalities and representatives of health units; their aim is to change the ‘culture and habits in the management and work organisation of the health sector’. Given their relative closure and the governmental will to initiate long-term interactions, these networks can be defined as **local community networks**.
- Those informal exchanges are backed and nourished by a strong hierarchical coordination between the central and local offices of the AMS: **in a top-down dynamics**, statistical objectives to be reached level were settled (in a classical “MBO” perspective) for the reduction of part-time work (by 40%); moreover, research and studies were ordered to provide local officials with sets of facts and arguments, to “feed” the local negotiations.
- On the other hand, the government is holding above those coordination devices a **sword of Damocles**: it is deliberately threatening employers and employees of the health sector to include them in the ‘**Activity Guarantee’** legislative framework, if they do not manage to reduce part-time unemployment drastically. This law would oblige health workers to enter a training session after a year of part-time unemployment and afterwards to choose between full-time employment or unemployment – a quite authoritative and unrealistic perspective, given a strong surviving tradition of social negotiation.

To sum it up, if in the French case, the multilevel negotiation through issue networks can be described as a side-effect of a process of trial and errors, where the administration was relieved to **delegate** the answer to identified qualification needs to local training organisations, the Swedish case offers an example of **purposeful multilevel bargain**, where a subtle combination of network and hierarchical regulation (and legislative threat) was elaborated to maximize the probability of a larger policy change in the culture and practices of human resource management among the health sector.

Let us now summarise the types of regulation at work to answer identified skill and qualification needs in both cases, in relation with the amplitude of policy change ambitioned by governmental authorities.

3.3 The role of policy networks in qualification matching processes: one component of a larger regulation-mix

As the above paragraph attempted to describe it comprehensively (and as the Table 3 below tries to summarise it), facing an apparently common problem – the part-time unemployment of a specific category of workers, two governments engaged in a multi-level bargain to attempt to solve this qualification mismatch, but as they realised the complex nature of the policy problem at stake – having failed in an attempt of hierarchical regulation, they initiate a **regulation-mix** and designed a **policy-mix** of a slightly different nature and therefore achieved **policy changes** of a different amplitude.

In the French case, characterized by an ongoing process of decentralization of training policies, the central administrations chose to delegate to regional **issue networks** the task of achieving a satisfying qualification match for sport teachers struck by a high seasonal unemployment – in a typical blame-avoidance process. This had for a logical effect to give birth to very innovative but very limited training initiatives designed to answer specifically the identified skill-need : a comprehensive socio-economic research was led at the local level to identify need for personal services, which could combine harmoniously and gainfully with sport teaching. This local implementation process gave way to the definition of **new occupational compounds and new professional identities**, solving structurally but on a geographically limited basis the identified qualification mismatch.

France	**Sweden**
Political objective: vague ("help graduate sport teachers to get out of seasonal unemployment")	Political objective: quantified ("reduce by 40% part-time work")
Negotiation dynamics: T1: hierarchical regulation (failure) T2: issue network regulation T3: insulated local experiments	Negotiation dynamics: T1: hierarchical regulation (failure) T2: community network regulation + hierarchical coordination + deliberate legislative threat
Policy-mix: - Implementing innovative training policies shall answer local qualification needs and organise "ad hoc" biqualifying curricula - Tolerating the creation of employment pools as (provisory) alternative	Policy-mix: - Redesigning the work organisation of local health care units through inter-unit coordination => Employment pools (between units) are a favoured solution. - Reforming a "too generous" unemployment insurance system
Amplitude of the policy change: "Experimental": a few training organisations have the strategic capacity to organise double curricula	Amplitude of the policy change: "Potential": to avoid severe skill shortages, management of human resources has to be reformed. (to follow….) NB: unsolved problem = the social incentives to work full-time

Table 3: SUMMARY -Regulation dynamics and policy results of a multi-level bargain to challenge skill needs

In the Swedish case, the combination of a strong managerial culture (MBO), of a very generous unemployment insurance system and of a strongly decentralized health sector gave way to a deliberate strategy of **multilevel and multi-purpose bargaining** so as to maximize the chance of reaching an ambitious policy goal -the reduction of part-time work by 40%: the central government therefore initiated a subtle combination hierarchical and network coordination - the former being aimed at nourishing the policy debate in local community networks, while the threat of a very restrictive legislative reform of the unemployment insurance system and of active labour market policies shall "encourage" local actors to reform their practices in human resource management – that is to reduce drastically part-time employment and short-term contracts.

An option of policy implementation is already favoured at the central level: the creation of "**employment pools**" or "working pools", allowing workers to find complementary jobs in several units of the local health service. One question remains nevertheless open: given the first trial and failure and the French experience, will local community networks manage to compose coherent occupational compounds which will represent a positive occupational incentive for the workers concerned? The answer is still open as the process is going on.

But let us try to draw a few more general hypotheses about the role of policy networks in answering rapidly and efficiently identified qualification and skill needs.

3. Provisory conclusions

3.1 The complementary virtues of networks and hierarchies in policymaking :

As both cases exemplified it, in solving as rapidly as possible a qualification mismatch or a skill shortage, hierarchical and network coordination are very **interdependent policymaking devices** - lawmaking being here included here in the former:

- ***Hierarchical regulations*** are the ones setting the social and political incentives (or disincentives) favouring (or hindering) employment transitions or combinations through the elaboration of binding legislative norms - which will be then negotiated and adopted through democratic procedures. But they also seem to have other virtues in the early phases of a policy debate: these channels seem to provide the actors involved with the relevant statistical and legislative information to debate on - since in most cases, only governmental authorities are able to produce or gather comprehensive data. In an authoritative version (cf. legislative threat in the Swedish case above), these regulative channels can moreover 'enforce' a debate, if the actors concerned are not eager to start it.

- The nature ***policy networks*** seem on the other hand to determine the amplitude of the policy change achieved through implementation processes – and this confirms non surprisingly the existing literature (Mayntz and Marin 1991) : issue networks are able to impulse policy change of an experimental and therefore limited amplitude but innovative in content (biqualifying curricula, employment pools), while community networks can initiate long-term and comprehensive policy change (reducing part-time employment or short-term contracts) ; but those results are to be achieved only if those networks are "fed" with the relevant information and incentives (coming through hierarchical channels). If policy networks play a crucial role in the implementation phase, they are also vital instrument in preparatory phases. The informality of information exchanges between public, private and societal actors has also for an advantage to disseminate ideas and therefore to 'empower' them among specific target groups: civil servants and deputies, in charge of the elaboration of legislative proposals or administrative measures, can be persuaded by societal actors to push an issue on the agenda; representative of firms or associations can be encouraged to make a preferential use of some legislative arrangements.

In other words, policy networks are organisational tools able to enlarge the advocacy coalitions (Sabatier and Jenkins-Smith 1993) pushing an issue on the policy agenda but they cannot reach their goal without being combined with hierarchical regulatory forms, giving way to democratic political processes giving in turn birth to renewed and *legitimate* social norms.

3.2 Answering qualification needs through multi-level coordination: a policy broker is needed!

To react to the qualification needs of firms efficiently (and eventually in time), an *active* matching process has to take place – a 'very visible hand' has to bring together skill need and qualification supply. In our comparative case-study, the local employment services or training organisations played the vital role of broker between the skill needs of firms and the qualification needs of employed or unemployed persons. This broker role is particularly crucial in network form of regulation, in assessing the policy problem at stake and forging consensus on the agreed solution, and moreover in bringing together public and corporate policymakers belonging to different organisational levels (national / regional; branch / firm), which are somehow insulated from each other or having very formalized and standardized relationships. This mediation function seems to be more and more often taken on by professional agencies or firms, which are competing on a new market - namely providing services geared to "labour market policy mediation". This new vocational group among labour market actors is still in constitution and should be more systematically studied.

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Employment pools and training in the Netherlands: analytical remarks and examples

Ton Wilthagen, Harm van Lieshout and Martijn van Velzen

1 Introduction

The emergence, operation and regulation of employment of job pools forms a key issue in current labour market policies as these pools promise to represent a way of reconciling demands for flexibilisation and competitiveness on the one hand and workers needs and preferences for employment security and decent working conditions - such as training, employability and the balancing of work and care responsibilities - on the other. Such a reconciliation is at the core of labour market policies at the firm level, the sector level, the national level and, last but not least, the European level.

Moreover, the development of job pools appears as a promising strategy for active labour market policy as a part of these pools offers possibilities for reintegration - via training and work experience facilities - for (long term) unemployed or disabled persons. Thus, employment pools could be considered good examples of a “flexicurity” strategy, which can be defined as as a policy strategy that attempts, synchronically and in a coordinated way, to enhance, on the one hand, the flexibility of labour markets and the organization of work and labour relations and, on the other, employment security and social protection, notably for vulnerable groups inside and outside the labour market (Wilthagen and Rogowski, 2002; Wilthagen, 1998, Van Lieshout and Van Liempt, 1999). Employment pools in particular promise to balance external and internal flexibility on the one hand and employment and employability security on the other (see figure 1 below). If this type of reconciliation of business and workers’ goals and interests is actually being achieved, there is no reason to consider employment pools as inferior or last resort forms of employment.

Figure 1 Balancing forms of labour market flexibility and forms of security

Flexibility/security	Job security	Employment security	Employability Security	Income or social security
Employment flexibility (numerical, external, including dismissal procedures)		X	X	
Working time flexibility (shifts, overtime, shorter working hours etc)				
Work organisation flexibility (internal, functional, skill, location flexibility)		X	X	
Wage flexibility (variable wages, performance pay)				

From a scientific point of view job pools are of great interest in studying the potential and limits of the regulation and coordination of networks. Cooperation of smaller firms in networks and other inter-firm alliances are emerging in many branches of industry, partly due to the internationalisation of the economy. As Teubner (1997) has argued current law - company law and labour law - is not well-geared to regulate interorganisational networks, which can be viewed as distinct systems, e.g. in terms of accountability and responsibility. Thus new legal forms, methods and doctrines may be necessary.

Supiot et al. (2001: 43-46) indicate that there is a growing number of employers (e.g in France) that form associations or networks to increase numerical flexibility for all firms involved while at the same time providing employment for formerly unemployed persons. These arrangements are called "'plural employment'. Supiot thinks it appropriate to reflect on methods of labour law, which allow for both the discontinuity of temporary assignments and a status for the worker as a genuine member of the work force, including individual and collective rights.

From this point of view the regulation of plural employment is one of the cornerstones of a modern system of labour law, which transcends the notion of the standard employment relationship (see also Van der Heijden et al., 1999). It is also clear that the emergence of plural or hybrid employment changes the traditional governance systems among companies (such as buyers-suppliers networks). In particular it may involve a shift away from markets and hierarchies towards networks and may require coordinated forms of human resource management strategies.[44] Another related question is whether the introduction of employment pools is the *result* of network structures and forms of cooperation rather than the result of markets and hierarchies. It is important to study the specific constellation of actors and interests that are involved in establishing and managing employment pools.

This paper aims at contributing to the aforementioned socio-political and scientific debates by providing first a typology of Dutch employment pools, which we expect to be of relevance to other national situations and second by presenting three

[44] On interfirm alliances and shifts in governance see Nooteboom, 1999 and Van Kersbergen and Van Waarden, 2001.

cases of the operation of employment pools in the Dutch context. A specific emphasis is put on the way and degree employment pools deal with the training needs of their workers.

2. A typology of Dutch employment pools

2.1 Defining employment pools

Many terms and definitions are being used to refer to the topic at stake here: employment pools, job pools, flex pools and labour pools. Besides related terms such as labour foundations and mobility centres exist. As Weinkopf (1999: 329) rightfully argues the term “labour pool” (the term she uses) is not legally defined but has been adopted to describe a number of initiatives in the labour market taken by employers and/or employees or their organisations. In Weinkopf’s view labour pools represent “an arrangement by which a group of employees or unemployed people are placed within a labour organisation, from which they can be ‘loaned’ or made available to companies and/or institutions/services which may or may not be participants in or members of the labour organisation.”

In this contribution we choose to use the term employment pools. We will restrict the term labour pools to a specific form of so-called additional jobs. In the Netherlands the labour pool is a measure (*Rijksbijdrageregeling Banenpool*, 1990) that seeks to create additional jobs for the unemployed who are hard to place. The measure, which has now been incorporated in a new legal scheme on the deployment of jobseekers, is targeted at people who have been unemployed for three years or more. Implementation is entrusted to a municipal or province-level organization. Funding is provided by national government and the Public Employment Service (PES). About 20,000 people are involved in the labour pools.

Weinkopf, having conducted a comprehensive study of Dutch and German pools (Weinkopf, 1996), makes a point of distinguishing between labour pools and temporary work agencies, as both organisations offer flexible workforces for temporary work to companies. In both cases, she contends:

- the employment contract is concluded with an employer who does not offer a specific job;
- the employer only provides temporary work opportunities in other companies;
- the employees work within companies with which they have not concluded a contract.

The difference then between employment pools and temp agencies, in Weinkopf’s opinion, is twofold: employment pools are non-profit oriented, whereas temp agencies are commercial actors and other than temp agencies labour pools are

organised by employers or their organisations and trade unions and/or public employment services.

However, as we will see in the next section these distinctions are not/no longer adequate in describing current Dutch practice of labour pools, as employment pools are not by definition non-commercially oriented and, moreover, in many cases temp agencies do play a significant role in establishing and managing employment pools. And finally, workers sometimes do have a permanent contract with an employment pool, e.g. in the case of an employment/flex pool within a large company that allocates workers to other subsidiaries or to other companies.[45] Therefore, at least in the Netherlands, it is hard to define the concept of employment pool in general and to distinghuish between employment pools and temporay work agencies. Employment pools can be inter or intra company organizations.

It is safe to say that multiple or plural employment, networked companies and employment pools are not a new thing. In the Netherlands employment pools e.g. have existed for decades in the Rotterdam harbour (since 1916), though the organisation, terms of employment and prospects of these pools have changed over the years. Another example concerns a long-standing tradition of informal organisations and agreements in the construction and building trade, also in HRM and staffing policy and secondment, which are some times referred to as a "quasi firm". In the course of the 1990's the number of employment pools has grown in the Netherlands in view of demands for external and internal flexibilization and notably in view of the new legislation on "Flexibility and Security", which strengthened the position of temp agency workers, the tight labour market, low unemployment rates and increased demand for labour. Employment pools, mobility centres and the like enable companies to preserve – in reaction to these developments – a certain degree of flexibility in staffing policies.

So far empirical findings on employment pools in the Netherlands are fairly scarce (exceptions are De Feyter et al., 2000, Goudswaard et al., 2000 and Koppens en Goudswaard, 1997, Van Velzen, 2000, Weinkopf, 1996). In the next section we will give some recent figures. First, however, we will first present a typology of employment pools.

2.2 The aim of the pool

The most adequate way of typifying employment pools is by looking at the aim of the Pool. De Feyter, Meijers & Evers (2000) have developed a typology of pools on this basis which includes inflow pools, outflow pools, flex pools and employability pools.

[45] Likewise, after the introduction of the new legislation on Flexibility and Security and the new collective agreement in the temp agency sector workers can have a permanent contract with a temp agency (see the contribution by Van Lieshout & Wilthagen in this volume).

Inflow pool

These pools form a vocational training or apprenticeship scheme for a group of people, aiming at the inflow into certain taskgroups (within an organisation), organisations (companies or other organisations) or sectors. The basis features of these pools are:

- they are mostly established to deal with shortage of qualified labour
- target groups are: unemployed and/or low-skilled persons; a heterogenity of participants is likely
- additional funding (from companies, sector organizations, public employment services or government) is usually required and obtained on behalf of these pools
- training is a key element
- there is a temporary assignment with the pool, followed by employment at companies where the work-base component of the scheme has been conducted *or* followed by inflow into a flex pool (see below)
- these pools mainly exists in or among small and medium sized companies (SMEs).

A specific/sub form of an inflow pool is the so-called *reintegration pool* that aims at reintegrating “inactive” persons (unemployed or disabled) into regular paid work (other than additional forms of work).

Outflow pool

The aim of this kind of pool is the reallocation of workers to a job outside their current organisation. Basic features are:

- redundancy (often involuntary) is usually the reason for including participants in this kind of pool
- there is a homogenity of participants
- the demands and competencies of the participants are the starting-point
- training is one of the elements here
- additional funding is sometimes possible (e.g. from social security benefits)
- outflow into a variety of new jobs is likely
- this kind of pool mainly exists within large firms

Flex pool

The main aim of this pool is the allocation of workers to firms or departments, depending on the (temporay) demand for labour. The basic features of this type of pool are:

- the workers involved in this pool share similar levels of education and experience in specific sectors and/or jobs
- it is important to commit workers to the pool by offering permanent employment contracts training and other (decent) employment conditions
- flex pools frequently also deploy temporary agency workers (with different working conditions and terms of employment) who may or may not become employed by the pool
- inter-firm flex pools are often (co)managed/(co)established by temporary work agencies
- these pools mainly exists in or among SMEs.

Employability pool

The aim of this pools is first and foremost to enhance workers' employability and career development. Basic features of this kind of pool are:

- the career development of individual workers is the starting-point
- the pool is often part of a broader career and employability development policy/programme
- participants get temporary assignments with other departments of the firm or with other firms (which pay the wages), but the employment contract with the original employer remains in force
- these pools mainly exist in large firms

It should be clear that in pratice a combination of aims and types of pools does exist e.g. a mixed inflow and flex pool – hybrid types of already hybrid organisations. Thus different labour market policy goals can be pursued simultaneously, e.g. external flexibilisation, internal flexibilisation, employability and (re)integration into the labour market, within one and the same employment pool. Another feature that stands out in all four types of pools is the importance of training. It is important, however, to notice that training fulfills different function in the distinct pools. Training can facilitate inflow, outflow, career development (all forms of employability) or workers' commitment to the pool.

2.3 Management and clients of employment pools

Another key element of employment pools concerns the actors that manage the pool and those that are the clients of the pool. In the Netherlands a dataset established by the Ministry of Social Affairs and Employment - the SZW panel 1998, containing 3447 firms (excl. government institutions and firms with less than 2 workers) – has been used to study the occurrence of employment pools (see Goudswaard et al., 2000: 33-35). This study reveals that the health care sector (14.4% of firms) and non-commercial services (8.4% of firms) rank highest in using employment pools and that the retail sector ranks lowest (1.1% of firms uses an employment pool). Furthermore it appears that the use of employment pools correlates with firm size; large firms (>100 workers) rank highest (26,3%), small firms (2-9 workers) rank lowest (3.7%).

The role of the employer and coordinator of employment pool

An distinction can be made regarding the actor that is the employer of the pool and the actor that coordinates or manages the pool. In the majority of cases the firm itself acts as the employer as well as the coordinator of the pool, but temp agencies as well do adopt these roles frequently (see table 1 below).

Table 1 *Employer and coordinator of employment pools*

	Employer	coordinator
Firm itself	42.7 %	63.0 %
Other firm	16.9 %	14.9 %
Temp agency	35.4 %	17.4 %
Other	4.9 %	4.7 %

Another dimension is that of the role of coordinator of the pool versus the type of client: a single firm or multiple firms as clients. The most common situation is that the firm itself or another firm coordinates the pool on behalf of multiple firms (see table 2).

Table 2 *A typology of employment pools regarding type of client and coordinator*

Coordinator / Client	Firm itself or other firm	Intermediary organisation
Single firm as client	34.8%	12.4%
Multiple firms as clients	47.2%	5.6%

3 Cases and examples

3.1 The Value Added Logistics Sector: a combination of a inter-firm flex and inflow pool

The value added logistics (VAL) sector, also called 'industribution', is a new sector, which grew out of the traditional distribution sector. Many distribution companies in this sector started to undertake other activities than mere transport or distribution such as warehouse activities, assembly, labelling, sorting, packing etc. In that way the companies opted out (formally or informally) of the existing collective agreements in the sector (some companies actually moved away from e.g. the Rotterdam harbour area to new areas). In facing significant fluctuations in the demand for their services, these companies in turn developed a strong need for (external/numerical) flexibility. The industries that required these services more or less prompted the development of the new sector. Hiring these particular companies enabled them to adopt a (back to) core business strategy while preserving a tailor-made strategy towards their customers as the customising of products was done by these other companies (e.g. the adjustment of computers' specifications, making bouquets of flowers, attaching labels to jeans, etc.). This is why the newly emerging sector is called 'industribution'.

The trade unions were very concerned with this new 'unregulated' sector that employed very high numbers of flexible workers. Therefore the FNV Bondgenoten trade union (FNV Allies) sought ways to regulate labour market flexibility in the sector without hampering the further development of the activities. Following initiatives by the trade unions both the flexibility needs of the companies *and* the flexibility limits of the workers were carefully assessed (on the basis of surveys). Next, the actors involved in this sector - employers, trade unions, temporary work agencies and local governments - engaged in negotiations and established employment pools (notably in the southern part of the Netherlands).

These employment pools serve on the one hand to meet employers' needs for flexibility and on the other hand to take into account workers' limits to flexibilisation. They develop career paths and prospects for the (low-skilled) workers in the sector, including certified training programmes (highest level: warehouse manager), and create employment in the lower segments of the labour market. In view of these multiple activities these employment pools can be characterized as a combination of an inflow/reintegration and flex pool. A form of regulated external and internal flexibilisation is being pursued (and indeed seems to be obtained), which ultimately may be 'codified' in company-level and sectoral collective labour agreements (see Jongerius, 2001). It is also not unimaginable that these collective agreements will ultimately be re-incorporated in the existing collective agreements in the transport sector. The training programmes are already being provided by the regular training institutes within the transport sector, which have developed tailor made programmes on behalf of the industribution sector.

At least one job pool (in the city of Venlo) has recently been transformed into a regular personnel services company in which temporary work agencies participate (Start and Addecco). The board of this company is formed by a foundation in which social partners and municipalities are represented. The company has direct but no exclusive links with a number of client-companies.

Finally, an interesting point is that, due to the particular location of industribution firms in the South and South-eastern part of the Netherlands, some 'contamination' effects seem to occur across the Dutch-Belgian and Dutch-German borders (in so-called 'Euregions'), as Belgian and German companies have shown great interests in the Dutch developments. Besides some Dutch companies other than distribution companies, e.g. companies in the metal industry, have been studying the industribution pool arrangements and have considered taking part.

The initiatives in the Dutch industribution result not so much from a brand new form of partnership but are based on long standing forms of cooperation and consultation among trade unions, employers and their organisations, sector organisations and public actors. Clearly, a new element is represented by the participation of temporary work agencies, which as acknowledged specialists in providing flexible work arrangements, were given a coordinating role within this initiative. In fact, and perhaps somewhat paradoxical from certain points of view, the temp agencies were to a high degree responsible for the re-institutionalization and normalization of flexible work which even resulted in new hierachies, i.e. a regular personnel services.

A second point of interest here pertains to the development of a new sector – the industribution - which emerged from a traditional sector – the transport/distribution sector – and which after being reorganized in the area of working conditions, training et cetera may well be reingrated back into the "mother" sector in the sense that the collective agreement in the transport sector will be adjusted to cover the industribution sector. Recent information reveals, however, that the social partners in the transport sector may be somewhat hesitant to actually greenlight and facilitate this reintegration and thus welcome back their "lost son" sector.

3.2 The Work and Craftsmanship Partnership: an intern-firm flex pool

The Work and Craftsmanship Partnership ('Coöperatie Werk en Vakmanschap' - W&V) is a partnership between a number of industrial employers, that aims to optimise the operation of the market for skilled technical labour. The firm Akzo-Nobel prompted the idea for the partnership in 1994. The economy had not been doing well, and many firms had had to lay off skilled technical workers. Many of the latter had had to leave the sector in search of non-technical work. In combination with the ageing of the incumbent technical workforce and the first signs of an improving economy, this made future shortages in skilled technical workers an apparent threat.

Individual firms were still in an unfavourable position to solve this problem on their own, as product demand fluctuations are a permanent part of the business, and lead to labour demand fluctuations. A partnership hosting a pool of flexible workers could be the solution. For the member firms, it has the advantage of flexibility in personnel planning; for the workers, it could offer greater job security than a temporary employment agency or a temporary contract with just one firm could provide them with.

Akzo-Nobel and ten other firms founded the W&V partnership in the same year. The partnership invited the temporary employment agency Start to support and implement the plan. Start created a national network of 40 separate offices working exclusively for W&V. The offices ascertain the personnel needs of member firms, recruit, select and counsel the workers concerned, make arrangements with training providers (such as ROCs - the new regional education centres, *regionale opleidingencentra* in Dutch[46]) and actively seek to expand the partnership.

The W&V partnership tests candidates (a basic level of technical skill is required) and subsequently offers them a contract, usually for three years. Start is the formal employer and therefore bears the financial risk. In some cases, the employment contract is combined with a training contract (see below). During their contract, employees are placed with one or more member companies. They have to agree to the principle of working for different firms when they sign their W&V contract. They receive their wages through W&V. In theory, they receive the same wages and benefits as their colleagues employed directly at member firms. The minimum period of placement with a member firm is six months. The idea is that the workers will acquire a permanent contract with a member firm after their three-year contract with W&V has expired, or even sooner. In the latter case, W&V has to agree, and will ask the member firm for repayment of training and other costs incurred on behalf of the worker. W&V can also provide apprenticeship or other training for workers of the member firms themselves, or place these workers with another member firm, temporarily or permanently, in case their original employer has no more work for them.

About one third of the W&V worker pool participates in some form of training at any given time. The core pillar of the W&V training policy is apprenticeship training at NQS[47] qualification levels 2 and 3. W&V tries to have the apprentices work with at least two different member firms over the training period. In case either a firm or a worker/apprentice wants to quit training, W&V has the right to retrieve previous training costs on that party. The second pillar of the W&V training policy comprises projects that offer short retraining courses of approximately six weeks at qualification level 1 for workers without a technical background. They then move on to the

[46] ROC's offer both related instruction for apprentices, primarily school-based vocational education, and adult education for all economic sectors

[47] National Qualification Standard

aforementioned apprenticeship training at levels 2 and 3. The third pillar is the stimulation and facilitation of firm training plans for member firms. The fourth pillar is general promotion for technical careers. A more recent fifth activity is that W&V and Start have agreed to seek traineeship positions with member firms for VET students in the vocational training pathway.

In January 1997, W&V counted over 200 member firms, together employing over 80,000 workers. At the same time, W&V itself employed 600 workers. Over the year 1997, W&V recruited 1,200 new workers. It has since contracted the 500th member firm (in 1998) and expanded the number of local offices to 40. It employs well over 1,000 workers and plans to double the number undergoing apprenticeship training (levels 2 and 3) from 250 to 500.

The W&V partnership can be seen as another Dutch example of a temporary employment agency providing an effective local network of firms to ease short-term employment fluctuations by lending out temporarily superfluous workers through the partnership to others a clear example of how such an employment pool may ease the transition *within* employment, i.e. between jobs.

3.3 The case of Stork Mobile: an intra firm flex pool

In the mid-1990s, Stork Group, a Dutch industrial technology multinational, acknowledged the need for flexibility in order to remain internationally competitive. While 'flexibility' was initially defined in terms of prompt responsiveness to fluctuations in the demand for products and goods, it was soon broadened to include 'employment flexibility'. Among Stork Group's five business units and more than eighty subsidiaries labour supply and demand strongly varied in time and place, creating simultaneous redundancies and vacancies within the concern. The annual friction costs involved with this inability to adapt to the fluctuations in clients' needs were estimated at approximately € 117 million, posing a substantial financial challenge for Stork Group to tackle inadequate personnel allocation.

Introducing the flex-pool: a joint worker-management process

Stork Group's board of directors sought a solution in promoting worker mobility. It stressed the willingness and ability of personnel to change places, both physically and functionally. In return Stork Group offered to provide training to make employees more capable for job changes within the concern. By providing broader training, employees involved in a reorganisation at a subsidiary could increase their opportunities to be placed in a job with a subsidiary elsewhere within Stork Group.

A steering group was introduced in order to identify support among employees for the proposed plans to 'organise flexibility'. This steering group consisted out of

representatives of the board of Stork Group, trade unions and the central works council. The three parties in the steering group had a common interest: improving employee flexibility could help reduce the vulnerability of Stork Group subsidiaries in terms of changes in labour force volume and the availability of skilled employees.

Within the steering group the board intended to organise flexibility in an efficient, effective and social way. Divestment of invaluable knowledge due to reorganisation means destruction of capital. The costs that go with divestment of human capital could be reduced by flexible deployment of personnel. For trade unions and the central works council organising flexibility at the lowest social cost possible was key. Employee representatives saw training and retraining as fruitful means to safeguard employment security.

Trade unions and the Stork Group works council were already familiar with the issue of worker mobility and employability. In the second half of the 1990s, unions at the central level traded in the concept of 'job security' for 'employment security', thereby stressing the need for investments in employee skills in order to keep workers employable.[48] Prior to the board's plan to enhance worker mobility the works council had already submitted an initial proposal for the introduction of a mobility centre at Stork Group.[49] Furthermore, the 1997 collective labour agreement in the metal industry emphasised employment promotion in the sector, notably by vocational education and training, e.g. in the form of mobility centres; 0.5% of the firms' wages was to be transferred to a foundation in the sector that reallocates money for initiatives in the field.

The steering group at Stork formulated two goals. First, vulnerability of Stork Group subsidiaries was to be reduced by improving flexible deployment of personnel, both qualitatively and quantitatively. Secondly, adequate skill levels needed to be maintained and improved. The contours became visible of a new subsidiary – dubbed 'Stork Mobile' – through which employment flexibility should be organised.

The central works council was reluctant to link the new subsidiary with future reorganisations, turning Stork Mobile into a dump of redundant personnel and thus negatively affecting the quality and image of the new subsidiary.[50] Under pressure of both trade unions and the Stork Group board the works council agreed to create a 'loose' connection between Stork Mobile and future reallocation plans. Parties also decided to make Stork Mobile a subsidiary with a restricted profit goal. In 1998 Stork Mobile was introduced as a pilot project in one of the Stork Group regions in the Netherlands.

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[48] See also Lamers (1997) and Wilthagen (1998).

[49] See Nordbeck (1998).

[50] See Koppens & Goudswaard (1997) and Van den Meijenberg (1998) on the fact that employment pools in the Netherlands are often considered as reservoirs for redundant employees.

Organizing flexibility: terms and conditions of working at Stork Mobile

Inflow of personnel into Stork Mobile can be divided into the following groups: permanent available employees (e.g. employees willing to join Stork Mobile because they are threatened by unemployment), temporarily available employees (e.g. labour turnover in one subsidiary is underpinned by placing employees into another subsidiary), trainees with training agreements flowing into Stork Mobile on a temporary base (in a latter stage, eventually offered a permanent contract), and personnel from outside the Stork Group concern.

The variety in employee types produces a range of different terms and conditions of employment for Stork Mobile workers, basically involving two different collective agreements. First, an employee may be temporarily seconded – through Stork Mobile – by a Stork Group subsidiary A to another subsidiary B and remaining employed with subsidiary A. The terms of employment of subsidiary A will apply to the employee. Secondly, staff may be employed by Stork Mobile either on a permanent basis or for a limited, defined term. Employees with a permanent labour contract are subject to the terms and conditions of employment evolving that are based on the collective agreement of the metal industry. Individual contracts may deviate in favour of the employee.

People permanently employed at Stork Mobile are offered a fixed set of terms and conditions - basically corresponding to the general Stork Group standards. In addition, they can dispose over an optional set. Depending on their preferences, permanent Stork Mobile employees may receive an additional monthly premium of € 60 for 'being flexible'. Furthermore they are entitled to five paid working days yearly during which training programs can be followed. In addition employees will be compensated for half of the spare time they spent on studying. Other issues covered by the terms and conditions of employment for Stork Mobile personnel pertain to opportunities of saving for additional spare time or days off. The saved days can be used, for example, for sabbatical leave, parental leave or early retirement. Employees with a permanent labour contract at Stork Mobile are offered an individual training program in order to improve their employability.

Employees with a contract for a limited, defined term can acquire broader skills both on the job with Stork Group subsidiaries to which they will be seconded as well as through training provided by Stork Mobile. If these temporary employees successfully pass the probationary period of work experience and training, they may be permanently employed with Stork Mobile. The – generally less favourable – collective agreement for temporary employment agencies (or 'ABU collective agreement') applies to temporary personnel of Stork Mobile.

The rationale behind the introduction of two distinct collective agreements was that Stork Mobile intended to directly compete with temporary agencies. Furthermore Stork Mobile employs part of its personnel on a fixed term contract in order to remain

flexible and allow itself a period to screen these employees on suitability for the company. The differences between the collective agreements of the metal industry and of the temporary employment agencies merely pertain to secondary terms and conditions of employment, such as early retirement schemes. Here the metal industry agreement offers a wider range of financial facilities for employees willing to go on early leave.

Worker skills and training provision

Requirements for higher skills are increasing within the Stork Group. Idle low-skill personnel will join Stork Mobile. Most Stork Mobile employees hold skills at the intermediate vocational education level (MBO). The training that is provided at Stork Mobile is both specific and generic (or transferable). The specific training is aimed at upgrading existing skills necessary to carry out jobs at the Stork Group. The generic skill provision involves broad (or 'soft') skills required to be flexibly employed. In addition, employees acquire more specific skills that they can apply at the firm outside the Stork Group where they may be deployed.

The inflow of relatively low-skilled workers requires that substantial human capital investments are made in order to prepare employees for assignments at Stork Mobile or at other Stork Group subsidiaries. Training needs are assessed in a meeting between employee, Stork Mobile, a training provider and a representative of the Stork Group subsidiary involved. Training programs targeted at upgrading workers with intermediate vocational skills are offered through a 'training academy'. The academy also provides courses aimed at high-skill workers and management staff.

Payback clauses are in effect if an employee decides to leave Stork Group within three years. Stork Group will then be reimbursed for part of the training costs.

A future for the flex pool?

All preconditions for a successful introduction of Stork Mobile seemed to have been realised: the involvement of social partners in the entire process; the prosperous co-operation within the steering group; study results showing a substantial offer and demand for labour mobility; an extensive communication and information process aimed at managers and employees; and tailor made terms of employment. However, initial experiences after the introduction of Stork Mobile suggested the existence of a number of barriers for Stork Mobile in order to function properly. First, a substantial share of the personnel with Stork Group held a suspicious view regarding Stork Mobile.

In general, employees hold negative views of ‘labour flexibility’ as they associate it with low-pay and low-skill jobs. Stork Mobile acknowledged that the € 60 mobility allowance was too weak an incentive for attracting personnel and has plans to abolish the allowance. In the second place, problems were identified in matching labour supply and demand within Stork Group. On the one hand the demand for labour seemed to be inadequately communicated while on the other hand appropriate personnel was lacking due to the tight Dutch labour market. In addition to this, labour market tightness reduced the need for employees to become flexible.

Originally, Stork Mobile started as a hybrid ‘flex-employability pool’, but with the shift in 1999 to a demand-side approach of personnel allocation Stork Mobile should be regarded as a ‘flex-pool’. With eleven offices it now strives to allocate (temporary) redundant concern workers to business units and subsidiaries elsewhere within the concern.

Between 1997 and 2000 the number of Stork employees worldwide dropped with 3,500 to 18,939.The expansion of Stork Mobile to 300 employees (in 2001) has been spurred by the hiring of temp agency workers already employed at Stork Group subsidiaries. Some 280 workers are currently employed on a permanent or fixed-term contract,; 10% of the workers are placed outside Stork Group. Stork also cooperates with external intermediary firms.

Currently the cost of simultaneous redundant personnel and vacancies within Stork Group are estimated at a hefty € 80 million, which is still € 37 million less than prior to the introduction of Stork Mobile. In terms of cost reduction Stork Mobile should thus be considered a successful initiative. It is clear that, in order to further improve the allocation function of the employment pool, Stork Mobile has to focus on skill acquisition of the workers in the pool. The establishment of a ‘training academy’, offering a variety of training courses for different groups of workers, seems to be an important step toward a more efficient clearing of vacancies and redundancies as well as a means to keep human capital in the concern.

4 Conclusions

The examples of Dutch employment pools described in this paper confirm the crucial role of training in the various forms of employment pools. Training appears as one of the most essential preconditions for the distinct function employment pools fulfill: to facilitate and organize the flexible transition of workers from non-paid work to paid work or from one job or job location (within a firm) to another job or job location (within the same firm or within another firm). As is the case with temporary work agencies employment pools can be considered transition agencies (see Wilthagen and Rogowski, 2002).

Clearly, employments are network organisations, which are being established by existing networks and platforms, either among firms, sector organizations and local governments or within firms.[51] A multiplicity of actors is involved in establishing and managing employment pools and their support needs to be obtained, usually by means consultation and negotiations. This also implies that employment pools are expected to serve the interests and goals of many actors.

Employers view employment pools as arrangements that can enhance the external and internal flexibility of their staff, notably in times and situations of fluctuating demands for their products and services. Generally, the costs for employing workers from a pool are lower than the costs for hiring temporary agency workers.

Trade unions consider their efforts with respect to employment pools, notably in newly developing sectors, as a way to (re)regulate 'unruly' situations of extreme and uncontrolled flexibility as well as a way to recruit new members (in these new sectors) and to preserve employment in sectors and firms that are facing hard times.

Temporary work agencies view their involvement in employment pools as a strategy to expand their activities (into a new market) and to take substantial responsibility for HRM and staffing policies beyond the mere allocation of workers to single firms. In that way the involvement in employment pools may contribute to the transformation of temporary work agencies into well-established and broadly oriented personnel services.

Governments welcome and support the establishment of employment pools as an instrument for active labour market policy, reintegration and stimulating employability. Besides, governments benefit from the fact that employment pools can, as in our example of the industribution sector, structure new sectors. In that way governments get certain contacts in these sectors, which can be addressed, for the implementation and coordination of economic and social policy.

We conclude by stating that there is every reason to put and keep the operation of employment pools, especially from the point of view of training and employability policies, on the research agenda and to collect further qualitative and quantitative data on this phenomenon.

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[51] From this the hypothesis can be derived that employment pools can more frequently be found in countries, sectors and companies that have a tradition and culture of cooperation, consultation and negotiation either between the social partners and/or between the social partners and local government. On the Dutch tradition see Visser, J. and A. Hemerijck (1997).

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Neo-cooperatives to support self-employment? The Swedish Case

Bengt Lorendahl

1. Introduction

As pointed out in the invitation to this international workshop, new employment forms – implying opportunities as well as threats for employees - are developing. Not only in the form of part-time jobs, fixed-term contracts, project-based employment etc. But also in recent years by being "hired-out" by staffing firms; specialized agencies or more general ones, like Manpower, Olstens and others. However, the most radical change – for the individuals concerned as well as for economy and society – is probably the growing importance of *self-employment.* Basically, this means crossing the border to some kind of *entrepreneurship.* It also raises questions of multiple jobs, and certainly of qualification needs and skill development; for individuals and organizations in the first place but also for local communities and supporting structures.

For most people and in most situations, cooperation with others is helpful or necessary to create self-employment, to develop entrepreneurship, and to aquire the qualifications needed. This may be achieved by adhoc-solutions or informal networks. In more formal and stable forms, cooperation between individuals can materialize in an organizational alliance and structure – a cooperative or private enterprise.

What we today call cooperatives or the cooperative movement started in England over 150 years ago, when the so-called "Rochdale pioneers" formed an association to satisfy basic consumption needs. Their original principles – one member/one vote, non-profit base, etc - are still guide-lines for cooperatives. From the start also other objectives than economic ones were attended to, as enlightenment, education and social welfare.

This "old" cooperation has in Sweden as in other countries, and in consumers as well as producers cooperation, developed into large and influential organizations, competing on open markets with private companies. In later decades, cooperative solutions and enterprises have had a renaissance, both in the (traditionally) private and public sector of the economy. In Europe, this is connected with the growing interest for and reliance on the "social economy" (or is the most visible expression of this economy). The "old" and "new" cooperation has a basic similarity – the organizations were built up "from below", by voluntary engagement to satisfy basic human and local needs. These needs might – depending on time, place and situation

– be of varying kinds; needs of good and cheap products, needs of satisfactory and stable income through employment or enterprising, or anything else improving peoples´ quality of life.

Self-employment and entrepreneurship usually presupposes not only personal and professional skills, but also an environment which can satisfy certain needs, like social and commercial service, transportation, education and training facilities, etc. Therefore, and most salient in rural areas, cooperative entrepreneurship is dependent on and consciously aiming at *local development.* In this paper, results from six case studies from rural districts in northern Sweden will be presented and analyzed from such a need and incentive perspective, centered around the neo-cooperative solution. Firstly, however, this organizational form for need satisfaction, self-employment and local development should be described in a somewhat more precise and systematic way.

2. Cooperatives in context

What is a cooperative?

This question can be answered in a very general way, e.g. a structure for – just – cooperation. Nilsson (1991, p.42) concluded, after a systematic review of the definitions by other authors, that (1) cooperation is an economic activity, (2) that is carried on for the common needs of people (members), and that is owned and managed by these people themselves. The cooperative movement can also be described in a contextual way, what it represents in a national economy, legislation, history and culture. Finally, it might be characterized by the parts or branches of which it consists.

As mentioned above, cooperatives – especially the more recent ones – are often thought of as a part of what is called the social economy (économie sociale) or the third sector (or some equivalent term, e.g. non-profit, voluntary sector, civic society etc). This is, however, a typical European conception. American researchers often adopt a different view: "*Economie sociale…*embraces a wide variety of business-type organizations such as mutual insurance companies, savings banks, cooperatives and agricultural marketing organizations that would be considered parts of the business sector in most parts of the world" (Salamon & Anheier, 1992, p.129).

Addressing the issue of "cooperatives in context", this author in an earlier work (Lorendahl, 1997) tried to model the context and components of the so-called *third sector*. Some tentative results from this study were: Firstly, the conceptual problems and varying designations partly stem from the fact that the third sector is often "residually" defined; i.e. seen as composed of organizations not belonging to the

public or private sector in the economy - hence the common terms “non-profit-organizations” (NPO:s) or “non-governmental-organizations” (NGO:s). Secondly: Analyzing literature in the field and characteristics of organizations included in the third sector, one can notice they tend to cluster in two broad classes: (1) *Cooperative and Social Economy* and (2) *Voluntary or “ideell” sector.* Besides cooperatives, also so-called mutuals clearly fall within the first sub-sector, while most voluntary associations fall within the second. Of course, it was not possible to draw an unambigious border between the two classes. Four qualitative criteria (which to some extent could be developed into quantitative measures), where type 1 and type 2 of third sector organizations display different characteristics, has been used for classification (Figure 1).

Goal orientation

(1) *Economic* <<<<<<<<<<---------- >>>>>>>>> (2) *Ideal(istic*)

Primary mission

(1) *“Helping members*” <<<---------->>>>>> (2) “*Helping others”*

Economic activities

(1) *Dominating* <<<<<<<<<----------->>>>>>>> (2) *Auxiliary*

Share of work done by unpaid volunteers

(1) *Low* <<<< ---------- >>>> (2) *High*

Figure 1. Four criteria for classifying organizations in the Third sector.

As indicated in Figure 1, the classification is not simply a question of either-or. It must often be based on judgments of *to what extent* an organization comes closer to one of the extremes of the continuum for each criteria – and *how consistent* the four positions are.

Comparing “Old” and “New” Cooperation we could expect that the latter category resembles more the voluntary associations than the former, especially with respect to the share of unpaid work done by not-employed members. In studies of Swedish neo-cooperatives it has also been observed that they might originate as informal groups, then are formalized into voluntary associations and finally converted into *economic associations* (the normal legal association form for all cooperative enterprises in Sweden).

3. Neo-cooperative enterprises

To start with: Using the term “neo-cooperatives” instead of simply “new cooperatives” might call for an explanation. The “New Cooperation” concept signifies something different as compared with established old cooperation, a kind of “gestalt switch”. However, new cooperative associations and enterprises are sometimes also formed within the old and established cooperation movement. To separate those local cooperatives, which in recent decades have arisen outside and independent of the large national cooperative organizations, I label them neo-cooperatives.

The question then is inevitably: How do the enterprises of New Cooperation differ from those of the established cooperative movement – besides being just new, and then usually smaller? Both types are built on the traditional cooperative principles, today formulated by the International Cooperative Alliance (ICA). Provided they have adopted the legal form “economic association” – as most Swedish cooperatives have – they also operate within the same laws, taxation rules, etc. The differences are not immediately visible and easy to point at. Among Swedish scholars of cooperative economy, there is a conception of neo-cooperatives as standing closer to and acting more in accordance with the classical cooperative norms (see e.g. Nilsson, 1986, p.202). Two other differences should be mentioned in the Swedish case: (1) As for fields of activity, there is a much greater variety in New Cooperation and (2) the links with political parties that have been observed in old cooperative movement have no counterpart in New cooperation.

The old, established cooperation consists of two main types: Consumer cooperation and producer cooperation. New cooperation has a similar conceptual division in *user cooperatives* and *personnel (staff) cooperatives*. The latter type is sometimes placed in the (conceptually somewhat broader) category *employee-owned firms.*

In Sweden, old consumer cooperation have for many years been dominated by retail trade (including gas stations) and housing. But it is also offering services, with banking as the most recent example. Old producer cooperation is heavily dominated by farming and the marketing of farm products. As mentioned above, New cooperation has a much greater variety, with respect to sectors and types of activity. One striking feature in the Swedish case is that neo-cooperatives have been established in large numbers in the welfare and social service system, i.e. in activities which in Sweden (and other Nordic countries) traditionally have been carried on by public (mainly municipal) units. More precisely, cooperatives (both user and staff coops) have often taken over the operational responsibility on a contractual basis, the financial and political responsibility remaining with the public authorities. In fact, this process could be described as a kind of (partial) integration between the public and the cooperative/social economy, as steps towards a “new Swedish model” in the delivery of welfare and social services (Lorendahl, 1997).

Roughly, the population of neo-cooperatives in Sweden can be described in a simple four-fold-matrix, built on who are the owners/principals and in what type of activity they are operating, and with some *examples* (Figure 2)

	Field of activity:	
	Traditionally private	**Traditionally public**
Ownership:		
Users	***Independent housing or purchasing associations***	***Parents-owned daycare centers*** ***Care-for-elderly units***
Personnel	***Same variety as any private-owned firm***	***Staff-owned daycare centers*** ***Dental care clinics***

Figure 2. Classification of neo-cooperative enterprises with respect to ownership and activity

Two comments must be made to Figure 2:

(1) What is "traditionally" a private or public field of activity should of course be contextually interpreted. Here, this context is a Swedish (or Nordic) one.

(2) Though most neo-cooperatives fit into this four-fold table, there are in both dimensions examples of intermediate or mixed forms. As for owners and principals, both users and staff (or even more categories of people) may be members of the cooperative. There are also, in the activity dimension, a type of cooperative organization which encompasses and carries on more than one type of activity. This multi-functional cooperative – well-known in Scotland and northern England and increasing in numbers also in Sweden – is the *community cooperative.*

Discussing the population of neo-cooperatives, it is natural to ask how many enterprises there are today – in total and of different types. At least for Sweden, it is presently not possible to give an accurate number – or even a good estimate – of this population. This is of course a problem not only for academic research in the field, but also for decision-makers and administrators in institutions dealing with issues of labour market, industrial policy, local and regional development, and related issues. In particular, it poses problems when they consider support schemes and structures to facilitate and stimulate neo-cooperative entrepreneurship.

This statistical scarcity has a conceptual and legal background. Firstly, you have to separate the neo-cooperatives from the enterprises in the "old" cooperation. This is, however, probably not the worst dilemma; there is a rather unanimous conception of which organizations constitute old cooperation in Sweden. Secondly, and causing

more uncertainty: There is no legal company form in Sweden labeled “cooperative”. As stated above: Most enterprises, regarded and/or regarding themselves as “cooperatives,” have adopted the legal form of “economic association”. These associations are formally registered and hence counted and reported in national statistics. But – thirdly – all formal “economic associations” are not organizations being cooperatives in the usual internationally established sense. This legal category also – in addition to such cooperatives – includes organizations like power stations, sewage plants, road associations, compulsory associations in row-house-areas and other units usually not looked upon as cooperatives. On the other hand, enterprises formally having a legal status of e.g. a joint stock corporation or a voluntary (“ideell”) association may have objectives, activities, decision-making rules etc. very much in accordance with the cooperative principles, and hence be described – by themselves and others – as cooperative enterprises. This conceptual and statistical dilemma can, with some simplification, be summarized in the following sentence: “All economic associations are not cooperatives, and all cooperatives are not economic associations”.

Now, we have examined the cooperative solution and the neo-cooperative enterprises; as a background for considering and evaluating them as possibilities and instruments in creating self-employment and local-regional development. We can conclude so far, that the neo-cooperative enterprises in themselves share many or most characteristics in European countries, being essential parts of the social economy. Differences – which might be reduced in current and future harmonization of law in the European Union – mainly pertain to the national systems of economic legislation, distribution of responsibility between levels and sectors of the economy, the design of supporting structures and other elements of environment.

We now turn to some experiences from a Swedish northern county where neo-cooperatives were formed to create self-employment and local development. The results were originally presented in a research report (Lorendahl, 1994); later, and further analyzed, in a journal article (Lorendahl, 1996).

4. Neo-cooperatives for local development – an empirical study of six cases

This study was carried out in Jämtland, a county in the northern part of Sweden. Jämtland is a sparsely populated region – there is only one major city, Östersund (with about 60.000 inhabitants) in the county. The western part, bordering on Norway, is a vast mountainous area. The degree of industrialization is relatively low compared with other Swedish regions.

Established “old” cooperation historically has a strong position in Jämtland, and so has also New Cooperation today. The neo-cooperatives selected for study are

located in small villages in the county – three of them in Huså, in the western mountain district. They represent different types of enterprises, with respect to ownership/principals and fields of activity (cf Figure 2):

- The **tourism business cooperative** was started and operates in the village of Huså, a part of the more wellknown – as a place for winter sports - municipality of Åre.
- The **housing cooperative** is a small user cooperative in the same village, Huså, started to make possible the settlement of families with children.
- The **child care cooperative** in Huså was also started as a user cooperative, for the same reasons as the housing cooperative (and because there was no public daycare center in the village).
- The **boat traffic cooperative** ranges over a larger mountain area; including Huså and other settlements surrounding the great lake (Kallsjön) on which the boat passenger traffic is carried on.
- The **community cooperative** encompasses three hamlets (Ollsta, Fagerland and Högarna), about 50 km north of the county town Östersund.
- The **health care cooperative** is owned and managed by the staff at a formerly public-owned health care center in Offerdal, in a setting more populated than in the mountain district – though still within a sparsely populated area.
- In the following sections, attention will be drawn to the origin of the cooperative establishment, focusing on the incentives and the formation process, the impact on local employment, service and trade – and the aspect of local cohesion.

5. Incentives and needs

A variety of motives is found to lie behind the rapid expansion of neo-cooperative enterprises in Sweden and other European countries. Salient incentives for the first and still largest type of Swedish neo-coops – the parents-owned daycare centers – were discontent with the long waiting lists and the desire for self-management. A common theme for the founders of personnel cooperatives (employee-owned firms) is a desire to influence their own work situation. Many people are attracted by the democratic decision-making in cooperative enterprises. In many cases there is also a desire to protect and develop professional values (e.g. a certain care ideology).

Incentives like these above-mentioned were noticed also in the case-studies in Jämtland. Here, like in other examples from country-side Sweden, one motive was common and strong for all involved: *The desire to stay and earn their living in the*

place where they lived. The needs were many: Stable income and jobs, local service, housing alternatives, turning depopulation into growth, etc. Realizing that this could be achieved only by their own resolution and action, they joined in cooperative solutions and enterprises. Below, the effects of the neo-cooperative enterprises will be reported with respect to *local (self) employment, infrastructure and trade.* Firstly, however, let us look upon the origin and organizing of the enterprises.

6. The formation process

The basic incentives – to secure local survival and make it possible to earn one´s living locally – naturally had an impact on how the neo-coops were started.

The process of establishment is however different for the cooperatives, dependent on the specific background and incentives, the local situation, the actors engaged, etc. For the six neo-cooperatives, their formation process will be shortly reported below:

The tourism business cooperative

The neo-coop in tourism business – named *Huså Lift* – originated out of two different conditions facing the inhabitants of the Huså village. One was positive: The success of a local open-air theatre play which they just had created together with some professional actors – fostering feelings of optimism and self-reliance (cf section 10 below) The other condition was negative: It became evident that the local government intended to give priority to another part of the municipality – leaving the Huså inhabitants with the perspective of continued decline in local infrastructure, service and population.

These two conditions spurred joint action in the village. A working team was formed to investigate the conditions for building a winter sport establisment with ski lifts in Huså. This group made an inquiry among the local population and also owners of leisure cottages. The response was very positive and village people agreed to form a company to run the ski establishment.

One important question remained: Which form of company? External experts advocated a stock-holder company. After some discussions, and also contacts with the regional university of Östersund, the village people chose the cooperative way of organizing, i.e. the legal company form of *economic association.* Two main reasons for this decision were: (1) The association form – built on cooperative principles – secured local control and roots of the enterprise. (2) The stock-holder company form demands a large sum of initial equity capital, which was hard to raise in this little village – organizing as a cooperative made it easier to collect the necessary capital.

Huså Lift started with around 100 members, whose member shares added up to 400.000 SEK. Beyond the economic contribution, every member has undertaken to work voluntarily in the association.

To borrow capital, the cooperators turned to several credit institutions. They often met negative attitudes to the new association, which largely seem to have been due to the association form – the banks did not quite trust such a non-hierarchical form of enterprise as the neo-cooperative. In addition, they doubted the competence in the association. At last, however, the coop succeeded in raising the necessary capital and the ski-lift project could be realized.

The housing cooperative

The housing coop – called *Huså Hus* – was formed six years after the establishment of the tourism business coop. It started as a voluntary association – having no house, not even prospective tenants! The initiators primarily wanted to make it possible for young people to remain inhabitants in Huså. They got help from an architect who made drawings on a voluntary base. The initiators then went around in the village and collected notifications of interest until all apartments had future tenants. After some time, some of these prospective tenants withdraw their notification of interest. In this critical phase, the most engaged initiators again turned to the village inhabitants, in the first hand younger people. They succeeded once again to recruit tenants for all the planned apartments – and the economic association of Huså Hus could be established.

The child care cooperative

Three years after the formation of the housing coop Huså Hus, the children day-care center *Knotthale* was established by parents in Huså. Like Husåhus, Knotthale is a users cooperative and like the housing coop it was formed as an economic association.

The establishment of the child care coop had been preceded by two year of local discussions. The initiators made an inquiry among the parents, which showed a great interest for joining in a parents-cooperative day-care center. In the following formation process, then, the parents received advice and practical help from the regional Cooperative Development Agency (LKU). Since the parents had very limited experience of cooperative entrepreneurship and organizing, the president of Knotthale describes this support from outside as very important.

The boat traffic cooperative

The great lake of Kallsjön in the Jämtland mountain area was long ago trafficked by a passenger ship, m/s *Drottning Sophia.* The passenger traffic was operated to 1923, after that the ship was used as a tug boat for some decades.

Many elderly people in the Kall district had been working on this boat, and there was a general wish in the district to see m/s Drottning Sophia again operate on Kallsjön. A voluntary association was formed – the same year as the housing coop in Huså started – with the aim of repurchasing and repairing the old ship. The volunteers started a local subscription which, together with a municipal grant, made possible the reconstruction of the boat and the traffic.

After some time, the organization changed its legal status from voluntary into economic association. This reformation was due to an explicit wish from the County Administration Board, connected with an application from the boat traffic association for regional policy aid.

Today, this neo-cooperative enterprise has about 400 members. Individuals as well as organizations (local associations and firms) are affiliated. The local “byalag” (village association) is responsible for the local port in each of the villages around the lake.

The community cooperative

The community cooperative of *Byssbon* encompasses the three hamlets Ollsta, Fagerland and Högarna, situated in the periphery of the county residence city Östersund and together having about 120 inhabitants. This neo-cooperative was developed out of a village association (byalag), the formation of which had as its background threats to local survival: The expected close-down of the village school and discontinuation of the bus-line were two new threats, adding to earlier problems like the poor road to the hamlets.

To cope with these problems, the village association was started in the mid-80´s, and already within a year the leading actors of this association achieved positive results: Both the school and the busline would remain, and the long gravel road was improved.

After two years, the (voluntary) village association was transformed into an economic association, i.e. a cooperative enterprise. The main reason for this was the need to build housing for people interested to move into the hamlets. To do this, including negotiations with municipal and state authorities, it was necessary to have a “real” enterprise form. The reason to choose the alternative economic association instead of stock-holder firm was the desire to practice the cooperative way of

decision-making rules. We recognize here the same kind of pressures and considerations as in the formation processes of the Huså cooperatives, described above. Also in the Byssbon case, the regional university of Östersund were active in assisting the new cooperative in its initial phases.

The health care cooperative

The cooperative *health center of Offerdal* is situated in the municipality of Krokom (geographically between the municipality of Åre and the county town Östersund). The parish of Offerdal has about 2.500 inhabitants. When the 13 employees of the former public-managed health care center at the end of 1990 began to think of "starting-their-own" three incentives dominated:

1) An organizational reform, meaning that all district nurses were to be transferred from the County council to the municipality. This would have led to a split at the health center, and the staff wanted to continue working together in a well-functionning care team.

2) The desire of the staff to gain more influence on their work , which had been hampered by County Council bureaucracy. The employees wanted to make the decisions themselves, which would be attained by a staff take-over of the health care center.

3) The employees heard of severe demands of cost-cutting within County Council activities, which would mean reductions of staff – or even closure of the whole health center.

Once the idea of "starting-their-own" was evoked in the beginning of the 90´s, the formation process process was swift. A secret ballot resulted in an unanimous vote in favour of establishing a staff cooperative. Also the organizing work was carried on rapidly and with no major problems or stops. Like in other neocooperative formations, reported above, the health care chose the economic association as their organizational form; for reasons such as democratic decision-making and simplicity in organizing and financing the firm. Also in this case, the regional Cooperative Development Agency assisted in the formation process. Within a year from starting to consider a staff coop, the health care personnel had successfully completed negotiations with the County Council and the local municipiality, signed the contracts with these principals, and registered their economic association.

7. Local employment effects of the cooperatives

Local employment generated by the six cooperatives is summarized in Table 1. Part-time and seasonal employment has been converted into full-time jobs. As well as regular jobs, there is also a great deal of voluntary un-paid work done by members of the cooperative. This is not included here.

The most spectacular employment effects stem from the tourist business cooperative. It should be noticed that the village of Huså has only about 150 inhabitants. Moreover, when the cooperative started 10 years before this study was carried through the population number was only about 100. Since no other major investments have been undertaken during this period in the village, the 50 % population increase seems to depend largely on the activities of the tourist business cooperative.

Table 1. Local employment effects of the cooperatives

Cooperative	*Number of jobs created (full-time)*
Tourist business	10
Housing	0
Child care	3,5
Boat traffic	2
Community	4,5
Health care	2

A few comments to Table 1: All work in the housing cooperative is done by members on a voluntary unpaid basis. As for the health cooperative, it was started by the staff when it was declared that at least two employees (one doctor and one nurse) were to be laid off. Before the staff took over, there were some unconfirmed information telling that the whole health care center was to be closed by the County Council. If that were true, the self-employment effect would rise to 13 jobs (rescued).

8. Effects on local infrastructure

In the mountain village of Huså, the years just before the local mobilization and formation of cooperatives were gloomy. The population was steadily decreasing. The only local shop closed down. There were only four children in the local school. Communications were bad. No major improvement was in sight. In fact, the village was dying. In the other local communities concerned, the situation was somewhat more stable, but nevertheless called for initiatives for creating and improving local employment and service.

In interviews, respondents were asked to assess the impact on (the preservation or improvement of) local service of the new cooperatives established. Three elements of local infrastructure were selected as being of vital importance for long-term survival of the village; among other things dependent on “threshold values” (for the shop customer base and turnover, for the school number of pupils and birth rate, for communications number of bus passengers, etc). Judgments then were classified by the researcher in qualitative terms; the impact of each cooperative described as “Very great”, Considerable” or “Limited” (Table 2):

Table 2. Assessed impact of cooperatives on elements of local infrastructure

Cooperative	*School*	*Shop*	*Communications*
Tourism business	Very great	Very great	Very great
Housing	Limited	Limited	Limited
Child care	Considerable	Considerable	Limited
Boat traffic	Limited	Limited	Limited
Community	Very great	Very great	Very great
Health care	Limited	Limited	Limited

The neo-cooperative enterprises contributed to preserve and develop local infrastructure in two main ways:

Firstly, by creating jobs and income, making it possible for people to stay in or move into the villages, thus strengthening the population base for service institutions. This effect is particularly obvious in the case of the tourism business cooperative.

Secondly, by influencing municipal decision-makers, primarily the politicians. The community cooperative (or more exactly the local association out of which the cooperative grew) rescued the village school in this way.

9. The impact of cooperatives on local trade

The propensity of companies to buy locally what they need is essential to local economic development, and hence for employment stability and opportunities. A research question in the Jämtland study then was: To which extent could – and did – the neo-cooperative enterprises make their purchases from local suppliers (in the village where they operated) or at least from regional suppliers (in the rest of Jämtland)? The geographical distribution of purchasing sums by the cooperatives is summarized in Table 3.

Very small purchases are made from local suppliers. In fact, only the cooperative daycare center reports a substantial share of local buying. This cooperative has also stated in its charter that the local shop should be favoured. Other coops, without stating it in their charters, have made it their practice to buy goods and services

"locally if possible" (the health care cooperative) or "as close as possible" (the housing cooperative). The main reason why the enterprises buy so little locally is that local supplies are non-existent or unsatisfactory. Instead, the economic spread effects in trade to a large extent (38-100 % of purchase value) appear in the rest of the region.

Table 3. Geographical distribution (percentage shares) of purchasing by cooperatives

	Cooperative	*Local*	*Regional*	*Outside county*
Tourism business	4		79	17
Housing	0		100	0
Child care	17		38	45
Boat traffic	no data – started in investigation period			
Community	6		92	2
Health care	2		68	30

Three of the enterprises – the tourism business, the housing, and the community cooperative – have considerable interest payments, which significantly affect their outlays on the regional level. Eliminating these payments from the comparison evidently increases the shares of local buying for the housing and the community cooperative. Essentially, however, the same overall picture remains: Suppliers in the region, but outside the village, benefit most from purchasing by the cooperatives.

10. Non-economic aspects

When it comes to the impact of the neo-cooperatives on local development, there seems to be import links and interaction between economic factors on the one hand, and cultural, social and psychological factors on the other. This was evident in Huså already from the start of what was called earlier a "local mobilization" to turn decline into development. In the years when local survival was seriously threatened, an actor (from Stockholm) wrote a play for open-air performance

(Huså-spelet), and called for a meeting in the village. The local people started to study their history and then, together with some professional actors, prepared and performed the play – which became an immediate success. Evidently, the greater

optimism and self-confidence generated thereby spilled over from the cultural to the economic arena. People began to discuss what they could do themselves to improve the situation in the village. A few years later, the first cooperative (the tourism business enterprise) was formed in Huså.

Social aspects have traditionally been a prominent feature of cooperative movements, and societal goals are said to be an important part of the cooperation idea (Mårtensson, 1985). This was illustrated also in the cases from Jämtland. Beside the local mobilization reported above, preceding the tourism business cooperative, the extensive voluntary work by members of the housing and the community cooperative clearly fostered a sense of solidarity and fellowship. As for the parents-owned child care cooperative, it is expressively stated as a goal that its activities should contribute to harmony among the children and fellowship among the local population. Parents also have expressed their wish that the children should learn to appreciate the traditions and culture of the village. To sum up these findings: *Local development was contingent on economic as well as non-economic factors, and closely connected with local cohesion.*

11. Competence needs and development

As for their needs of professional skills, the neocooperatives can be classified in three groups:

a) The qualification needs are most obvious and well-specified in the health care center. To work in the health care sector, a professional education is compulsory. Doctors and nurses must be authorized to practise their profession. National rules also pertain to child care center, which is supervised by the National Social Board for quality control. Professional skills are demanded from employees at the daycare center, who are responsible for the pedagogic program and direction (in addition to this employed work force, parents do voluntary work).

   Other and varying skills are needed in the tourism business and the boat traffic cooperatives. These are not prescribed in rules, and are often of a practical type. For the individual cooperators-members a “multiskill capacity” is often valuable.

   Since these two cooperatives carry on activities on a free and competitive market for tourism and leisure, they must aquire and develop market and management skills – competence for “running a business”.

b) The coops operating in health care, tourism business and boat traffic are all *work or staff cooperatives*. They produce and offer services to others. Basically, the *user cooperatives* – in this study the housing and the child coop – are established to fulfill the needs of the founders and members. For these reason, they normally define the needs and set the standards themselves as far as skills are concerned (except for national rules and controls, see above).

c) The multi-functional *community cooperative* includes enterprising and producing for a market as well as for members-users. The professional qualifications needed are many and heterogeneous. This multiple-skill need is accentuated when, as in the case reported here, the community coop has the ambition of acting as a support structure for private small business firms in the area and as a kind of local "umbrella organization" for entrepreneurs, development groups, etc.

One important difference between staff and user cooperatives has to do with the double roles of staff coop members as entrepreneurs-employers and wagetakers-employees. A study in the SERU Group indicates that role conflicts and tensions in the contacts with the labour unions are easier to cope with in user coops. (Ottermark, 1998). The double roles for members in staff coops call for knowledge and competence in handling labour market issues, unemployment payments, etc.

Summarizing so far: The *specific* professional qualifications needed do not appear as a problem in the cases described in the study from Jämtland. Where prescribed and well-specified or not, this specific competence was available and satisfactory. The scarcity and needs obviously concerned *general* professional qualifications; needs which are associated with the entrepreneurial role and the organizational matters (including financing). We also saw that lacking local knowledge and experience in organizing an entrepreneurial activity could be compensated by help from outside: in the first hand the regional Cooperative Development Agency (LKU) and the regional university in Jämtland.

12. Conclusions

The head-line of this paper posed the question of the opportunities offered and the roles performed by neo-cooperatives in creating *self-employment.* We have examined some experiences from country-side districts in Sweden and found substantial effects on local employment from cooperative entrepreneurship. These effects – varying from 2 to 10 jobs in the six cases reported – may look insignificant in an absolute sense. However, in the small local communities where the cooperatives were established, they represent an important contribution to local employment and income.

A satisfactory local *service and infrastructure* is a prerequisite for as well as a consequence of successful local entrepreneurship. Also here, positive results could be traced from local self-employment and cooperative action. And also here, a "marginalistic" view is warranted, because of "threshold values" associated with maintaining local service institutions. The same conclusion may be drawn regarding *local trade*: The purchases made by the neo-cooperatives from local suppliers proved to be rather insignificant – but for small local business even small sales and revenues can be important for the firm´s survival.

At least on the local level, development is closely associated with *cohesion* and *mobilization.* In creating or preserving jobs, income and service facilities, both economic and non-economic factors affect processes and outcomes. In this context, the vital importance of certain "key persons" should be stressed. The central role of "activators" or "change agents" has been noted in studies of cooperatives in both Sweden and the U.K. (Johannisson & Mårtensson, 1985; Mårtensson & Orrskog, 1983). In the Jämtland study, it became evident that a small group of people in the cooperatives (3-6 persons) had been working harder and more dedicatedly than others. Acting as what Westin (1987) and others have defined as "community entrepreneurs", they encouraged other members. In the cases reported above, their energy and efforts seem to have been important, above all, in the period preceding the cooperative establishment and later when problems arose in the organization.

If any policy implication from this study is justified, it would probably be that such key persons - people who are motivated and capable to initiate change, to encourage others, and to cope with problems in creating self-employment through joint action and neo-cooperative entrepreneurship – should receive encouragement and support from political and other external actors. As for policy measures and support structures, however, one must consider the specific settings and situations. Not only are the conditions and environments varying between different countries. Problems as well as opportunities are also contingent on the regional context, e.g. a rural district as compared with a metropolitan area. Some experiences from the work of the Swedish Research Group on Social Economy and Regional Development (SERU) however indicate that the need of self- employment by neocooperative entrepreneurship – in certain districts and for some groups of people – might be strong also in metropolitan areas. Different environments might call for different practical solutions in organizing work and supporting measures. With such a "contingency approach", however, there is probably much to learn from and exploit – e.g. in labour market and region development policy - from cases of self-employment through neo-cooperative entrepreneurship.

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Service pools as qualifying alternative in services to private households

Claudia Weinkopf

1. Introduction

In the framework of the research projects “Workplace: Private Household” and “Evaluation of Service Pools in North Rhine-Westphalia” (NRW), conducted between 1996 and 2000 by order of the NRW Ministry for Women’s Affairs, the *Institut Arbeit und Technik* dealt with the question of how additional regular employment can be created in the field of household-related services (cf. e.g. Bittner and Weinkopf 2000, 2001). This question is of interest in two respects: On the one hand, the labour market for household helpers in Germany has so far been characterised largely by insignificant employment and illicit work, whereas regular jobs subject to social security contributions constitute an exception. On the other hand, household-related services are attributed large unexploited employment potentials, opening up of which might bring to light new employment opportunities, especially also for low-qualified individuals.

Service pools are an approach directed at professionalising household-related services and to furnish such services in the setting of a firm-shaped organisation. In the limelight of the concept stands the creation of regular part-time and full-time employment relationships which are subject to social security contributions by means of bundling or pooling service provision and thus employee placement in private households. Since the mid-nineties, this approach has been submitted to practical tests. First experiences are ambivalent: For one thing, the pools have actually succeeded in creating regular and socially secure jobs, in acquiring customers and in professionalising the supply of household-related services. For another thing, the professed goal of break-even operations has usually not yet been attained. It is against this background that the future of the approach must be explored.

The paper has the following construction: *Part 2* analyses the current market situation in the field of household-related services. *Part 3* focuses on the working and living conditions of employees in private households. In *Part 4*, the service pool approach is described, along with the experiences gathered to date with service pools. This account will be based on our project results resting primarily on findings

from NRW, but also on the results of a nation-wide survey of service pools and job-procurement agencies. Furthermore, it will be shown by way of the results obtained from employee surveys which advantages such pools definitely hold for workers. The concluding *Part 5* will focus on three further-leading questions:

- In how far can intermediary institutions such as service pools offer an alternative to stressful multiple employment?
- Which political measures would be required in order to foster preservation and even an extension of the service pool approach?
- Where do further potentialities of the pool concept lie?

2 Current market situation

The provision of services to private households can be organised in various ways. A high proportion of domestic work is done within households, often for other family members as well.[52] Responsibility for domestic work has traditionally been assigned to women, and even today women still do the greatest share of such work. There are also service firms that make it possible to delegate certain domestic tasks, e.g. laundries and ironing services. And, not least, there is always the option of having some or all of the housework done by domestic employees or cleaners who work in the household in question and have to be paid.
The number of households with such employees has grown substantially in the last few years. This can be explained by a number of factors:

- rising rates of female labour market participation;
- more or less unchanged distribution of social roles in household, family and childcare responsibilities between men and women;
- difficulties in reconciling paid employment and family responsibilities, in particular because of inadequate public childcare provision and lack of support for housework in the broadest sense of the term (canteens, washing and shopping services);
- the growing number of single parents;
- the increasing number of elderly people living alone (more and more of whom are comfortably off).

The socio-economic panel shows the share of households that regularly employ domestic helpers or cleaners to be 8.4 %, which in 1999 corresponded to 2.609

[52] According to the results of the time-budget surveys carried out by the Federal Statistical Office, 77 billion hours of unpaid work are performed every year in 36 million private households in Germany, 76 % of which relates to domestic services. Cf. Stiegler 1997: 6.

million households in Germany. In addition, there are a further 1.553 million households (5.0 %) that make at least occasional use of domestic helpers or cleaners (cf. Schupp 2001: 207).

These figures far outstrip the number of regular employees in private households, which official estimates put at 38,109 in the end of 1999 (cf. Schupp 2001: 202 and *Table 1*). Even the number of employees in non-insurable part-time jobs (so-called "*630 DM-Jobs*") working in private households is significantly lower than might be expected from the above-mentioned number of households with maids. In the beginning of 1999, private households accounted for the largest share (19.8 % or 1.115 million) of employees working very short hours and not liable for social security contributions (Institut für Sozialforschung und Gesellschaftspolitik/Kienbaum 1999).[53] The vast majority of people working in private households are women - a mere 55 000 men are employed in such jobs, compared with 677,000 women, a rate of feminisation of 92.5% (cf. Institut für Sozialforschung und Gesellschaftspolitik 1993).

Table 1: Number of regular employees in private households in Germany

	total	**men**	**women**
3/1997	33,818	3,889	29,929
6/1997	34,159	3,853	30,306
9/1997	35,127	3,985	31,142
12/1997	35,221	3,780	31,441
average 1997	***34,581***	***3,877***	***30,705***
3/1998	36,322	3,888	32,434
6/1998	36,859	4,051	32,808
9/1998	37,744	4,182	33,562
12/1998	38,148	4,173	33,975
average 1998	***37,268***	***4,074***	***33,195***
3/1999	38,041	4,102	33,939
6/1999	37,949	4,781	33,168
9/1999	39,090	4,982	34,108
12/1999	38,109	4,801	33,308
average 1999	***38,297***	***4,667***	***33,631***

Source: Data from the German Federal Labour Office

[53] Since April 1999, employers have been under the obligation to pay lump-sum contributions also for workers in marginal part-time, however this will only entitle employees to benefits if they pay themselves voluntary contributions, which is very seldom the case. Moreover, much points to the fact that especially private households seek to evade the obligation of contribution payment. Cf. Institut für Sozialforschung und Gesellschaftspolitik/Kienbaum 1999.

Private households are completely outside the normal range, since the number of employees not liable for social security contributions exceeds those covered by the social security system many times over.

This suggests that a considerable proportion of services to households must be provided in the black economy. It is true that households are obliged to register any domestic helpers they employ for statutory accident insurance, but the same does not apply in other areas; for example, there is no obligation to notify health insurers. It can be assumed that many people are ignorant of such minimum regulations, but equally it is probably the case that few people, whether householders as employers or those they employ, consider wrongdoing in this area to be a very serious offence. Thus services to private households already constitute a major area of employment, albeit one that can be more or less clearly distinguished from other spheres of work. It is subject to very little regulation. Binding employment contracts, dismissal protection, social protection, regulation through collective agreements, health and safety at work as well as job security have virtually no meaning. In many areas, the labour market in private households remains a grey or even a black market.

3. Working and living conditions

Very little is known about the working and living conditions of employees in private households. For Germany, there are only very few studies, and these are mostly founded on a very narrow empirical basis. In the following, we shall first summarise several core statements taken from available studies and characterising the working conditions of employees in private households; subsequently several further peculiarities of work in private households will be studied:

- Work priorities are mainly on flat cleaning and laundry care (cf. Hatzold 1986: 22; Odierna 1995: 92), partly also childcare, gardening and care for elderly people (cf. Hatzold 1986: 22).
- The working time or the temporal scope, resp., of labour placement in the households varies; however, in many cases it amounts to only a few hours per week (cf. Hatzold 1986: 23; Odierna 1995: 92).
- Domestic aides often work in several households (cf. Höglinger and Berka 1994: 37; Odierna 1992: 31).
- For the majority of employment relationships, neither social security contributions nor taxes are paid (cf. Hoose and Hungerland 1992: 105; Odierna 1995: 94; Thiessen 1997: 199).

- Remuneration strongly differs[54], with predominantly rather low wages being the rule, which it not least due to the fact that there are no „objective standards for remuneration“ (Thiessen 1997: 199).

There are further frequently found features of work in private households, partially extreme physical strain (cf. Odierna 1995: 92f.; Höglinger and Berka 1994: 41), rather low job satisfaction (cf. Thiessen 1997) and partially extremely high personnel fluctuation (amongst others, because of lacking satisfaction of customers with work performance (cf. Odierna 1995: 93) named. As we know from employee surveys, work in private households is considered rather a compromise or temporary solution for mere lack of alternatives, and employees often “try to find regular work” (Hoose and Hungerland 1992: 96).

What is considered another special problem is the fact that the task scope of employees in private households if often not precisely defined. Whereas craftsmen perform specific defined tasks and are often recognisable in their occupational role by their work dress, this is not the case with employees in private households. “Where there is no given professional role pattern, private persons are facing each other. The encounter is thus more intimate than it is in other common employment relationships. There is no protection by means of anonymised occupational roles.” (Thiessen 1997: 187). This also causes conflicts to bring about fast dismissals. Legitimate claims, e.g. regarding payment of overtime, are not asserted at all, or else with much hesitation (cf. Höglinger and Berka 1994: 60).

It must also be taken into account that “housework as a professional occupation” comprises a number of further problems which are not mentioned at all in the studies, or only by approaches. Thus Klenner and Stolz-Willig (1997: 158) rightly point out that on the part of the households, there is a tendency “to delegate those activities which are felt to be particularly stressful such as, for example cleaning. It is not the complex work patterns, such as overall responsibility for the household, which are passed on to household employees, but exactly those activities are separated off which are considered unpleasant, which contain many stress factors and which can be remunerated at a very low level.” A the same time, work in private households typically involves strong dependence from employers and entails isolation because there are no social contacts and no exchange of experiences with fellow workers.

It is absolutely indisputable that mainly women take on employment in private households, and it is frequently assumed that they are often aliens or migrants, partly without a work permit. However, such assessment cannot be based on reliable data for the time being, but is founded on exemplary observations with so far very low case figures (cf. Bittner and Weinkopf 2001).

[54] *Odierna* (1995: 93) reports hourly wages for Munich ranging between 3.50 DM (individual case of a female asylum seeker) and 20 to 25 DM. *Höglinger and Berka* (1994: 42) name a spectrum between 30 and 100 ATS for Austria (which corresponds to approximately 4.30 DM and 14.30 DM).

As already mentioned, we must assume that employment in many private households only comprises a few hours per week and that many employees in this area regularly work for several households. They may often be “multiple job holders”. This seems all the more probable since remuneration for services furnished to households is often low, with the scope of working time in one household only being a few hours per week. To this adds, if the work is illicit, that there is no social security whatsoever. This is presumably also true for major parts of marginal part-time work. Furthermore, it is customary in the black market (and often – although illegally – also in the case of marginal part-time work) to pay only for work actually done. Sick pay, holiday pay and paid vacation must as a rule be abstained from.

It is conceivable that a combination of several jobs in these circumstances makes great demands on co-ordination and self-organisation, all the more since jobs in private households are hardly standardised. Each household has its specific demands and preferences which have to be taken account of and which quite often lead to disagreements on the quality of work. Such conflicts may have the consequence that the agreed wage is not paid. Claims cannot be sued on in the black market, and neither is there a mediation authority. Conflicts may also arise if damage to household articles is realised, and if there is disagreement on who has actually caused the damage. As we can sometimes read in the press, there are even cases where household helpers are exposed to sexual harassment. Mere visits to private homes for application purposes may turn out to be a risky business in this context.

Private households in their role as customers sometimes also suffer from the lack of organisation in the market. They have to look for and choose reliable employees on their own. There is no substitute in the event of illness. In the case of legal employment, the administration effort is high; in the case of illicit work, both rights and obligations are unsettled.

It was against the backdrop of the problems outlined for the area of household-related services that the mid-nineties saw the development of an approach into the direction of so-called “service pools” - first on a conceptual basis by scientists (c.f. e.g. Weinkopf 1995a; 1995b), politicians (c.f. e.g. Böhmer 1995) and other people (c.f. e.g. Drohsel 1996) and then - very quickly - in practical experiments as well.

4. Service pools

One central objective of service pools is the creation of employment relationships subject to social security contributions in an area characterised to date largely by jobs not covered by social security and moonlighting or other forms of clandestine work. With the establishment of pools or employment agencies, hours worked in the course of the week in different households can be added together (Weinkopf 1996b).

The agencies or pools act as the employers and provide households with services such as cleaning, childcare or small repairs, for which a fee is charged.

The advantages for households are that they do not have to get involved in the recruitment, selection and employment of workers or in the payment of their wages and social security contributions. Moreover, such a pool can also provide workers to cover in case of sickness or during holidays.

From the employees' point of view, the most important advantage lies in the creation of standard jobs subject to social security contributions and with collectively agreed rates of pay. Moreover, pools would also provide contact with fellow workers and offer access to training programmes.

In the following, experiences gathered to date and the results of service pools in Germany will be portrayed (*4.1*); after this account, two particularly interesting aspects will be examined in greater detail – on the one hand the assessment from the employees' point of view (*4.2*), on the other hand we shall elucidate how and to which extent qualification and training of employees has been successfully implemented so far (*4.3*).

4.1 Previous experiences

Service pools or agencies have recently been set up in various German Länder, both with and (in few cases) without public funding. The funding usually comes from the Federal government, the Länder or the Federal Labour Office; European grants have also been received for many projects. Some of the projects can be classified as employment and training measures, some as the establishment of new firms with public start-up funds.

The founding initiative has always been and continues to rest on a broad basis. After the concept had become publicly known and first model projects (in North Rhine-Westphalia for instance initiated by the Ministry for Women's Affairs in co-operation with the *Institut Arbeit und Technik*) - been embarked on, especially welfare associations, employment and training initiatives and in some cases also municipalities debated on whether or not to place their stakes on this field. The market-oriented approach and the hope that in the medium term break-even operations might be achieved, played a similarly important part as the expectation of being able to create additional jobs in this area - for disadvantaged jobless persons and welfare recipients.

The *Institut Arbeit und Technik* carried out a written survey of service pools and agencies in the end of 1998 to get more information about the number of initiatives, their structure and the number of jobs created. 84 pools and agencies were involved

of which 67 sent back the questionnaire. 62 questionnaires could be evaluated. They yielded the following major results (for more details, cf. Bittner *et al.* 1999):

- Of the 62 surveyed initiatives and companies, 49 are service pools and one is only a placement agency. 12 projects and companies are acting both as pools and as placement agencies.[55]
- Three of four projects and companies are or have been initially funded by public authorities (for an average of almost three years). Most of them often also avail themselves of individual wage cost subsidies for employees, such as they are granted by labour and social welfare offices for the employment e.g. of long-term unemployed persons (which are mostly paid for a limited period of up to 12 months). Only two companies report not to be receiving and not to have ever received any public allowances.
- The target groups for the projects are usually unemployed people and welfare recipients. With few exceptions, those currently employed are women (92 %).
- The major share of the service pools surveyed (72 %) offers solely workplaces liable to social security contributions; the others (28 %) also make use of non-insurable jobs.
- 88 % of the employees are in jobs subject to social security contributions, with 31% of them working full-time, and 69% part-time.
- The average number of service employees is 14 per project or company, which corresponds to a total number of 867 service employees. 200 further persons are employed in the organisation and administration of the pools.
- In 86 % of cases, employee remuneration in line with the collective wage scale, or at least roughly based on it. The hourly gross wages of the service employees differ from 8 to 26 DM (average: 15.29 DM).
- The involved pools provide services to 3,571 customers - 78 % of them private households. Most of the pools offer a broad range of services. However, demand is mainly focused on the areas of domestic services (in 98 % of all service pools) and childcare (in 41 % of the pools).
- 85 % of the pools offer training schemes to their employees.
- Customers pay between 12 and 56.90 DM per hour of work (plus VAT); the average price per hour is 23.26 DM (plus VAT). In some cases an additional sum is to be paid to cover travel costs. These charges are significantly higher than the standard black economy charge of per average 12 to 15 DM.

Since the date of the survey, almost three years have passed in which we followed up the development of the pools. We did this especially for three pools in NRW,

[55] Placement agencies do not act as employers themselves, but only provide private households with labour. The two parties will conclude the employment relationships on their own. However, some of these agencies offer further support, such as counselling of employees and employers. Moreover, they help in co-ordinating multiple employment.

which have been able to expand both their workforce and their number of customers substantially. Moreover, they have further developed and refined their working practice, and they have meanwhile managed to push through in part considerably higher prices in the market (cf. Bittner and Weinkopf 2001).

However, just like the other service pools in Germany, they have not been successful to date at covering their overall costs via earnings scored in the market. Whereas in the case of the NRW pools, public support has in the meantime been prolonged several times by the NRW Ministry for Women's Affairs, a number of other pools have had to quit business since 1999, i.e. after the time-limited public support had been phased out. Some of them tried to stay in business, however, often they had to change their working practice; for example, training schemes were taken off the agenda, and wages were cut. Frequently, the professed goal of offering only jobs subject to social insurance contributions could not be maintained, either; in many cases, the services of freelancers are now being enlisted to a greater extent in order to reduce costs.

What proves to be a central problem of service pools in Germany is the exclusion of their services from tax concessions for private households if they employ a household helper liable to social security contributions (cf. *5.3*).[56] Thus, all arising costs had to be borne by the customers.

4.2 Assessment from an employee standpoint

How do employees evaluate the special organisational form of service pools? The results of an employee survey carried out in service pools in North Rhine-Westphalia, which we evaluated, show which aspects are of particular significance to employees: Most mentions account for two components, both of which refer to the employees' financial and social security:

- the possibility of being liable to social security contributions and thus the opportunity of being socially secured;
- continuous payment even in the case of vacation, public holidays and illness.

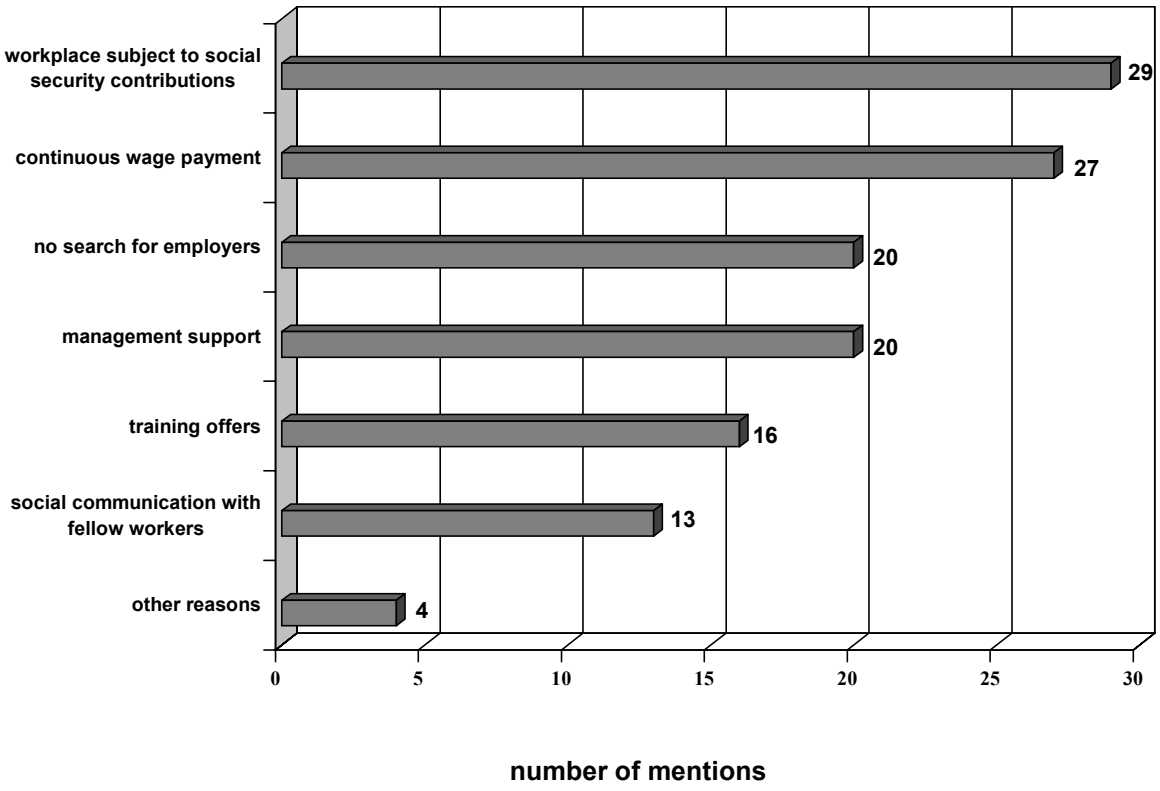
All further mentions refer to advantages constituting obvious differences compared with individually organised (multiple) employment:

- relief from the search for employers;
- support from the part of the management helping to master problems and conflicts;

[56] In 1997, the Federal Government's tax legislation increased the amount that can be offset against income tax for private households with domestic helpers from 12,000 to 18,000 DM per year. At the same time, a service voucher scheme was introduced to simplify the administrative burden of paying social security contributions. As the main benificiaries of this so-called "servants' allowance" (*Dienstmädchenprivileg*) are the very highest earners, it is now intended to abolish these privileges.

- qualification offerings;
- the possibility of exchanging views and of formulating common interests (cf. also *Diagram 1*).[57]

Diagram 1: Advantages of service pool employment
(Multiple mentions permitted) (n=30)



Source: Own survey

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This is striking evidence to the effect that pool solutions actually bring about real improvements for the employees concerned. However, the service pools have not been able to solve all problems connected with employment in private households. Even if the vast majority of surveyed employees are by and large satisfied with their work, several aspects of their activity are described as stressful. These aspects are strongly connected with the peculiarities of working in several private households:

- the accomplishment of several “multi-local”, i.e. itinerary placements per day,
- the sometimes very long journeys between placement locations,

[57] Employee surveys conducted in service pools in Berlin yield similar results. What employees additionally emphasise there is the interesting mix of work, autonomous working and the fixed and regular working times (cf. Binder *et al.* 1999: 45f).

- the monotony of work because cleaning work is done almost exclusively,
- placement for purposes of substitution,
- insufficient opportunities for breaks during or between placements.

In order to further reduce the stress connected with the provision of household-related services, which might well contribute to reducing problems encountered in personnel recruitment for such jobs, the approach of service pools will have to be developed further.

Several paths leading into this direction have already been tested by some of the existing pools. For example, the service spectrum might be broadened further by offering additional, physically less stressful activities, such as errand running etc. However, before such expansion can gain ground, demand has to be created, and this has proved difficult so far. This seems to be due to the fact that private households tend to delegate unpleasant work to professional service companies.

Another possibility of providing activities in the field of household-related services with a more interesting and motivating shape consists in involving service personnel in the organisational and accompanying tasks, which are currently being fulfilled mainly by the management: e.g. in placement planning, in replacement organisation, in the improvement of work organisation and quality management, in the development and implementation of marketing concepts geared to customer acquisition, in the breaking-in of new employees etc.

4.3 Qualification and training

Regarding the status and the implementation of innovative organisational forms of qualification, the experiences of service pools give interesting clues in two directions: On the one hand, the previous experiences show that the significance of qualification in supposedly “simple” services is often dramatically underestimated. On the other hand, the combination of flexible work placements organised by the pools along with “training-on-the-job”, here referring to the acquisition of qualification while employed, makes special demands on the type of training schemes, which, in our view, are interesting even beyond the context of mere household-related services.

As regards the question of qualification requirements, it should not be ignored that even if technical skills required for such jobs tend to be low (which is questionable as well) a relatively high level of social skills is necessary. All approaches to promoting employment in this area require the services to be provided in individual households on a decentralised and “itinerant” basis. Therefore, workers must be able to react flexibly to customer expectations and to work with minimum supervision. This may also be one of the reasons for difficulties in the recruitment of suitable staff in many service pools. Most of them have tried to reduce these problems by organising more or less intensive training schemes (with a duration from

few days up to several months, occasionally even longer) before taking on employees.

Against this background, we are convinced that all efforts to promote employment in services to private households have to take into account the need for training in this area. This is supposed to be also true for other allegedly simple service activities, in which further employment potentials are seen in Germany (cf. e.g. Zukunftskommission der Friedrich-Ebert-Stiftung).

Since it is not always possible to work to full capacity and to avoid workless periods of employees completely, this form of employment opens up scope for the implementation of training schemes “on the job”. However, organisation in larger groups, such as it often continues to be customary in Germany, is hardly possible because workless periods of different employees are usually not congruent in time.

In so far, flexible and module-like training offerings are required - which on the one hand combine the procurement of technical knowledge and skills with the acquisition of social competences and skills, and which on the other hand encompass elements of self-tuition without direct guidance.[58] Several approaches for such offers have already been developed – not only by the service pools themselves, for example:

- use of work-free times for research on job-related topics in libraries or other institutions (in order to fill knowledge gaps);
- combination of language tuition for migrants and discussion of solution approaches to job-related problems in small groups;
- testing forms of learning aiming at targetedly connecting procurement of technical knowledge and skills with an improvement of social competence.

Nevertheless, a still broader range of offer and further development of existing approaches is required. This is all the more true because it is not the specific requirement for the concrete case of the service pools, but because overall implementation of the much-quoted principle of “life-long learning“ makes similar demands on the development and implementation of flexible schemes to train and qualify normal firm employees.

5. Conclusions

The preceding account has revealed that several problems have so far emerged in the implementation of the service pool concept, however, that experiences gathered

[58] Although the primary aim is to improve the social competence and the formal qualifications of the employees for their work at the service pools, a further profit for the employees may be an upgrade of qualifications and experiences in order to get out of the cleaning sector to areas with higher wages and more attractive working conditions (e.g. care for elderly people) as well.

so far also show how regular jobs can be created in the area of household-related services. And even beyond this concrete field do such experiences hold several interesting aspects which are of overall significance – in so far as they may provide stimulating ideas and food for thought as to how potential solutions to some topical problems in the overall labour market might be shaped. In the concluding part of this paper, the prospects and perspectives of the approach shall be outlined under three aspects – as an alternative to multiple jobholding (*5.1*), with respect to the future prospects of service pools and promotion possibilities (*5.2*) and regarding the overall potentials of the approach (*5.3*).

5.1 Service pools as an alternative to multiple jobholding?

The results of the employee survey clearly reveal that work organisation via service pools cannot relieve all stress arising from employment in private households. Nevertheless, in comparison with individual employment in private households, the pools offer their employees obvious advantages and allow longer working times than usually required by individual households. Set against parallel employment in several households in the framework of illicit work or marginal part-time jobs, employees are socially and financially secured. Furthermore, they are especially relieved from co-ordination tasks. In so far, employees largely profit from involving an intermediary authority to “mediate”, i.e. “act as a middleperson” between employers of labour on the one hand, and those providers of household-related services on the other hand, and to offer them the protection of a firm-shaped organisation.

However, the question whether service pools have actually and practically succeeded to date in creating an alternative for individuals who used to be multiple jobholders before and who often worked in the area of illicit household-related services is difficult to evaluate on the data basis available to us. In our assessment, especially jobless people and welfare beneficiaries, only part of whom had formerly worked in this field, have so far profited from the job offers of service pools. On the one hand, this is due to the fact that this often constituted a condition for the granting of public support; on the other hand, migrants without an alien’s residence permit and work permit, respectively, have no chance of entering legal and official employment relationships. This might change in the future provided that plans of the Federal Government to this effect were implemented so that asylum seekers could obtain work permits faster.

We see no fundamental obstacle to the basic suitability of service pools regarding their offering alternatives to multiple jobholders because the status quo is primarily due to the special conditions of pool support over the past years. There would definitely be a chance for change if initiatives came to rest on a continuous footing and if the approach was expanded.

In so far it makes sense to our mind to consider transferability of the concept or of individual elements to other areas in which multiple jobholding is also widely spread. For instance, Germany has had several discussions over the past years on the question whether a supra-company employment institution might organise e.g. seasonal work in areas such as agriculture or food-processing industry, thus making work for employees concerned a reliable and continuous business in the true sense of the word (cf. also *5.3*).

5.2 The future of service pools

Service pools are a promising approach in order to create a larger share of regular employment in the area of household-related services. Although they have usually not yet reached a break-even level so far, they have succeeded in creating new jobs in a field characterised primarily by illicit work and other forms of precarious employment. And even though their prices are significantly higher than those charged in the black market, a large number of customers appreciating the legal and high-quality service offer has been won. However, break-even status of company operations not yet been achieved to date.

Against this background, the question about the future of service pools in Germany arises. The approach is obviously not yet a “sure-fire success” or self-propelling mechanism in the market, but requires financial support of whichever kind. Already several years ago, Denmark launched a permanent financial support programme for the professional and legal provision of household-related services, in the framework of the so-called “HomeService” scheme. In France, too, “chèques emploi-service” and other vouchers have been introduced with a view to supporting employment relationships both in private households and in service companies (c.f. for more details Weinkopf 1998, 2000; Bittner and Weinkopf 2001).

In Germany, by contrast, decision-makers have not yet brought themselves to make up their minds, despite announcements to the contrary, on the fundamental question of whether or not to support service pools. This is all the more regrettable because all political parties are in fundamental agreement on that pools do offer advantages both for employees and customers and that additional jobs could be created in this field. Moreover, financial requirements in the context of additional job creation in the service sector would be relatively low, compared with other pertinent measures currently discussed and meanwhile also practically tested (for more details, cf. Weinkopf 1999b). In principle, there are a number of possibilities for such support – e.g. in the context of tax legislation by means of tax reliefs for use of pool services or through direct support for companies and initiatives, such as exists in Denmark, for example. Additionally, the VAT rate levied on such services might be reduced, and experiments might be made with service vouchers for special groups of persons (e.g. handicapped, elderly people, families with many children and low income) and problem areas (cf. for more details Bittner and Weinkopf 2001).

The further future of service pools will primarily depend on whether or not announcements made at the political level as to a financial support of legal provision and/or demand for of household-related services will finally be put into practice. The question whether *permanent* subsidisation would be required still remains open. However, if it were possible to enhance the low appreciation and prestige of such work (among both customers and employees), an aim generally pursued through the professionalisation of household-related services, then it might also become possible in the medium term to develop a market operability of which will not be dependent on subvention. But even if this were not achieved, there would at least be the chance of creating additional employment for lower-qualified individuals and of expanding the range of services offered to help people cope with everyday life (e.g. compatibility of family life and job) - with relatively low subsidy requirements.

5.3 Pooling potentialities at a broader level

The basic idea on which the pool approach is founded, namely bundling and co-ordination of several short or short-term placements to form stable and socially secured, quasi "supra-company" employment, holds considerable potential in our opinion and can thus be transferred to further areas of work and predicaments. First experiences are in part available – particularly in the field of special initiatives for supply of temporary workers (so-called "labour" or "employment pools" (*Arbeitskräftepools*) – cf. for more details Weinkopf 1996a, 1999a and Wilthagen in this edition) working in trades and industries such as harbouring, transport trade, metal industry etc. and acting as soft and flexible personnel cushions buffering workload fluctuations.

In contrast to service pools, these labour pools do not co-ordinate and organise permanent short placements in different locations (private households), but rather, just like professional temping agencies, placements for a limited period of time at one employer each (placement company). However, both cases represent variants of supra-company employment characterised by the employees not being deployed at the employer him- or herself, but at a third party.

What the different forms of pools in their role as institutions geared to organising supra-company employment have in common is that they frequently combine it with prior and "on-the-job" training as described before. In doing so, different objectives may be pursued:

- creation of permanent and stable employment relationships at pool level;
- support of transfers or reintegration into employment in other companies (bridging function).

Another option consists in not focussing solely on the creation of regular employment, but also on performing co-ordination and support functions for employers and companies. In Germany, this is currently being tested, e.g. for self-

employed in the IT sector, in the form of consulting or placement organisations providing more transparency on supply and demand in this field and giving support in the search for new orders and appropriate contractors (cf. Vanselow 2001).

If – as has been predicted all over again – forms of employment are bound to become more varied and more unstable, more of such offers will be required in order to smoothen transitions between different stages and forms of work (cf. Schmid 1993) and in order to make increasing flexibility a “livable alternative” for employees.

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PART III The role of social partners in the implementation of skill needs

A right to vocational training: The anticipative action of workers' representatives in selected European countries

Isabelle Schömann

Introduction

Life-long learning is a precondition for the qualitative improvement of employees' employability. It is similarly important for the present and future competitiveness of firms[59]. In the last few years the role of the workers' representatives has evolved in the field of early recognition of skill needs. This comparative analysis of the role of workers' representatives in this matter shows the growing attention paid to skill needs in firms and at sectoral level and stress their important role in the organization of life long learning. Moreover the report emphasizes the growing influence of social partners on issues related to skill enhancement, especially in the form of anticipation and proactive negotiations. The increased importance of collective bargaining of the social partners at the firm level is likely to influence the practice of employees' representation and bargaining at the national level.

The starting point of our analysis is that in Europe at the company level vocational training issues take a key importance. We distinguish two aspects of this development: first of all, companies develop a so-called company-based further training to respond to more individual training interests. Secondly companies need more flexibility in the organisation of training programs to better react to their skill needs. These observations are to be placed in the actual discussion about skill shortages and the greater emphasis made at the European level and consequently at

[59] The following is a brief extract of a comprehensive study (Schömann 2001) that focuses on the implementation of the right to vocational training on the basis of models of workers' participation in selected European countries.

the national level on the guarantee of access to lifelong learning and the promotion of the employability of the workforce.

The investigation of models of workers' participation will permit to identify to which extend management and labour are legally or collectively implicated in the implementation of vocational training issues at national levels in several European countries. Moreover the comparison will enable to single out a range of performing legal and collective tools that participate in the identification of qualification needs and vocational training issues at the firms' level. The observation and understanding of labour law systems of neighbouring countries shall create incentives to rethink one's own system towards an active and anticipative management of training in firms.

1 From a model of workers' representation to the extent of collective rights

The empiric starting position of each EU country varies significantly. Obviously collective and bargaining rights are strongly bound to a country's labour law system. Moreover great discrepancies in the countries' education and vocational training systems are reflected in the legal organisation of individual and collective labour rights that make the comparison even more complex. Nevertheless one of the common figures of the selected European countries focusing on representative rights of workers in firms is that vocational training issues gain an increasing significance, leading to extended or new collective rights towards a possible implementation of life long learning recommendations (Caprile and Llorens 1998).

Regarding the legal or collective regulations of employees' representation (European Commission 2000: 30-31), we distinguish two groups of models: the first one, the so-called "single channel" system, in which unions are the only or principal channel of communication with employers and where intervention is mainly based on negotiations: Finland, Sweden, UK, with the possibility of a representation body supplementing the role of the trade union delegates in Denmark. The second system of workers' representation is mostly based on statutory requirement, an elected body represents all of the staff within the company, and it operates alongside the trade unions and performs essentially an informative and consultative function. The representative body consists solely of employees in Germany and in the Netherlands, it is a joint council in Denmark and in France the employer chairs it. Each model is the actual (but still in evolving) result of historical, political and economic evolution of the country, stressing national particularities such as the role of unions and bargaining power, the independence of representatives towards the firms' direction (Germany) or politically marked unionisms (like in France). Generally the impact of workers' representatives on firm's (training) policy (irrespective of whether they are union members or an independent elected body) is tied to most

general rules such as the legally guaranteed or even not guaranteed possibility to take part and cooperate with the direction (from the right to get rooms and material over the right to exercise their mandate during working time to the right to participate in consultations and decision processes). But it is also tied to the size of firms and the participation rate of the employed staff. Furthermore collective agreements play a determinant part in the negotiated adaptation of legal collective rights or even as it can be observed in Sweden in their elaboration and organization. In this respect, the level of bargaining, directly influenced by the country's industrial relations system, is a central element for the impact of the agreement on workers.

Generally, representative, collective rights (except the right to strike) are twofold and mostly combined in various ways: on the one hand, rights of information and consultation enable workers' representatives to get the necessary information from the firm's direction to exercise their mandate, giving them the possibility to discuss with the management particular topics, legally determined or/and negotiated. On the other hand, a procedure of co-decision creates the right for workers' representatives to take part in the process of decision-making within the firm, concerning particular matters (generally differentiated in economic and social matters) defined by law or/and collective agreement. In this respect and regarding the selected countries, the following classification could be drawn: information and consultation are carried out on voluntary and irregular basis, this is the case in the UK. Information and consultation are carried out on a compulsory basis, like in France, supplemented by co-determination systems in Germany (approval procedures, the right of veto and joint decision), the Netherlands (procedure of suspensive effect and possibility of appeal), Finland and Sweden (suspensory obligation to negotiate). In systems of co-decision, legal provisions can enforce the obligation to negotiate (but not necessarily to conclude) but also the duty of agreement, which represents the most far-reaching cooperation in Europe.

The brief overview of the selected collective labour law systems permits us to outline roughly the context, in which workers' representatives can exercise collective rights towards the implementation of vocational training rights as well as towards the identification and management of skill needs in firms.

2 What are the tools used to anticipate changes and future needs in terms of skills and qualifications?

Focusing on education and vocational training issues, the task is to find out what kind of legal and collective bargaining tools or measures workers' representatives have at their disposal to participate actively in the identification of skill gaps, to guarantee the adaptation of the workforce to changes and new requirements. Regarding firms' organisation of vocational training and focusing, if possible on the identification and management of qualification needs, most of the countries studied have developed

some interesting legal or/and negotiation tools enabling workers' representatives to play an active and even decisive role in the training policy of firms.

Figure 1 Nature of the information and consultation on vocational training issues

Country	**Basis Body**	**Threshold**	**Vocational Training Issues**	
			Information	**Consultation/ Co-determination**
France	Staff delegates Works committee	< 11 > 50	Annual or multi-annual forecast and training measures. On good time on training plans	Annual consultation on trends in employment and skills On training plans
Finland	Trade Union delegates **Individual corporate units** individual	> 30	Annual information on training plans with forecast of skills needs and on the carrying out of vocational training issues. Bilingual training plans when foreign workforce is >10% of the total workforce.	Consultation on the extend and contents of VT measures Obligation to negotiate budget and plans for employment and training in case of staff reductions or modifications of work contract.
Nether-Lands	Staff delegates Works council	<10-50> > 50	Annual social report	Obligation to agree upon rules for vocational training
UK	Recognised trade union or elected representatives		On voluntary basis	On voluntary basis
Germany	Works council	> 5 > 50	In good time. On the actual and future staff needs	Prior consultation on situation, employment trends and anticipatory VT measures. Co-determination on the introduction and the carrying out of VT measures and on the lists of participants
Sweden	Trade Union delegates		Regular information on measures	Cooperation on actualisation of skills and qualifications

Two categories of mechanisms are to be found: on the one hand a generally compulsory procedure of information and consultation enables the representatives to gain in due time and on a regular basis (annual, multi-annual) the necessary information. The information has to be comprehensive and correct. A more precise definition of the nature of information can be determined by legal provisions or in collective agreements. This is the case for firms' vocational training policy in France or Finland (Suviranta 1999), where legal provisions require information on existing training measures and on forecasts of skill needs. For a better comprehension of the information given by the executive workers' representatives can rely on (external or internal) experts employed by the company as well as on external experts financed by the firms (right of inquiry). Beyond the regularity and accuracy of information flow,

the quality of the information provided by the direction is an additional relevant issue to focus on.

Only little interest is given to this particular topic when looking at legal provisions in the selected countries. Much more attention should be paid for example to the structure of the firm and its links to a group of companies and especially to the training strategies of this group of companies. Another quality criterion should be to relate firm/group training strategies to its economic and financial context and to future developments to be able to gain a comprehensive overview of necessary skill enhancements. The interpretation of such detailed features could be actually overcome by an adequate training of workers' representatives or the support of experts.

Moreover, legal provisions as well as collective agreements at national level have enforced several instruments to facilitate the identification of training needs in the company. We distinguish three relevant tools for their proved efficiency (measured on the duration of the existing legal or negotiated provisions, its extension to collective agreements as well as its bargained modification/adaptation). For example the establishment of training plans (Finland) on a regular yearly basis, according to employment trends and skill development. This relatively new apparatus witnesses different organisations in Europe: the "plan de formation" in France is organised by the employer and discussed with the works council, whereby in most other countries its management is undertaken by both the direction and workers' representatives. The former regular information of work councils is one of the determinant features to enable a constructive consultation for both partners. This consultation on training plans is mainly mandatory but has no binding effect on the final decision. An explanation of this feature is to be found in the fact that in a large number of European countries, training issues have been and are remaining a field of competence of the employer for which workers' representatives did not until recently develop a real interest. Interestingly training plans can at an early stage be coupled with regular individual interviews with employees on their qualifications, enabling the identification of individual needs to be matched with firms' training perspectives.

In France for example such interviews lead to an agreement on goals' "skill evaluation programmes" (bilan de compétences in France), which permits on an individual basis to better identify skill gaps and specifically ask for training measures. On the firm level, this procedure gives a clearer approach to the development of employees' qualifications and their qualification needs to be integrated in the firm's training program.

Another interesting tool is the identification of a firm's needs through the establishment of company's further training programs (Sweden) (Adlercreutz 1997), managed both by the employer and employees' representatives. This mechanism must be coupled with the evaluation of former training programs to reach a better quality and adaptability of qualification offers.

Another trend to be witnessed in the Scandinavian countries is to delegate bargaining power to individuals or groups of individuals in the company (Sweden and Netherlands) (Rood 1999). The delegation of the consultation from an elected body to a non formal group of employees or individuals (like in Finland) enables negotiations on training issues in small companies and plays therefore a valuable role in the forecast of skill gaps and the necessary adaptation of the work force. This presents the advantage of giving to almost all employees the possibility to discuss training issues and eventually to have access to training measures and programs. This particular aspect, namely the access to (further) vocational training in small firms (mostly in firms with 1 to 9 employees, in Germany to 5 employees) is of particular importance, for in most European countries (see figure 1), training remains under the competences of employers in small firms and has to be discussed in the framework of individual work contracts in firms without worker's delegation. The success of this latter measure remains strongly bound to the existence and dynamic of workers' representatives and in general of national unions, whereby legal provisions should assure standard access to vocational training to all workers, independent from the size of the firms.

3 Learning from abroad: Elements towards an active and anticipative management of vocational training

As a general result of this analysis it can be stated that in most selected countries vocational training is becoming a more important bargaining issue as well as an important feature for workers' representation to deal with. This follows to a large extent the recommendations of the Employment Summit held in Luxembourg in 1997 setting incentives to social partners to negotiate agreements on modernising work organisation, covering flexibility and working time. Furthermore, specific issues such as vocational training should be included in further negotiations and will be addressed in the employment policy guidelines. For this purpose the Presidency conclusions of the Extraordinary European Council Meeting on Employment held in Luxembourg, 20 and 21 November 1997 stressed the necessity to support a "partnership approach" between the member states and the social partners in promoting employability: "the social partners are urged, at their various levels of responsibility and action, to conclude as soon as possible agreements with a view to increasing the possibilities for training, work experience, traineeships or other measures likely to promote employability" (point 56). Furthermore social partners are requested to play an active role in the coordinated strategy for national employment policies, in particular with regard to the implementation of the 1989 Community Charter of the Fundamental Social Rights of Workers (Zachert 2000, Heidemann 2001). In point 18 of the Presidency conclusions it is mentioned thta: "As part of the necessary strengthening of the social dialogue, the social partners at all levels will be involved in all stages of this approach and will have their contribution to make to the implementation of the "guidelines". That contribution will be regularly assessed" as

stated in point 19: “Regular contact with the Council will properly pave the way for the six-monthly meeting of the social partners with a troika at the level of Heads of State or Government and the Commission before the European Council meeting. In the course of such contacts between the Council and the social partners, a detailed exchange of views will in particular be held on the implementation of the 1989 Community Charter of the Fundamental Social Rights of Workers).

However, the successful implementation of the European guidelines depends to a large extent on the dynamic of national legislators and the social partners and their capacity to organise and manage bargaining rounds on the early recognition of qualification needs. The present analysis stresses the fact that social partners have to develop new innovative concepts and tools to be able to activate consultations on vocational training issues: Some interesting elements are, for example, to connect activation of training to other mandatory issues of bargaining rounds (such as work time, work organisation, or work security) (Heidemann 1999). Another example can be found in the support of cooperative exchanges within firms, by enabling legal provisions or negotiated issues to extend the possibility to bargain to a minority of (non) organised workers with (non) formal mandate on the particular issue of a firm’s training strategy.

In countries such as France, Finland, Germany (Bispinck 2000) and the Netherlands legal provisions assure a standard level of protection for workers to be extended in principle by collective agreements. In most cases training issues are mandatory issues for which a regular and compulsory information and consultation of workers’ representatives are foreseen. A right to correct and detailed information is mostly guaranteed by legal provisions and in some countries it is completed with possible support of (external) experts or interviews of the work force. The mainly non binding consultations of workers’ representatives cover training issues to a large extent reaching from the access to training issues to the content of the training programs and in some cases to the quality of training measures (evaluation). In some countries such as recently Germany, Finland and France, legal provisions request to inform and consult on future skill development in firms, giving to workers’ representatives in the case of Germany for example a right to initiate consultation on the recognition of early skill needs.

Some advanced labour law systems guarantee the participation of workers’ representatives in the decision making process, und particularly in training issues such as in Germany and in Finland, although only in specific areas of the firm’s training policy. The possible extension of the fields legally covered could be reached by collective agreements. In Finland, for example, collective agreements were signed to enable the extension of representation rights to small groups of (elected) workers to cover gaps of representation especially in small firms. This feature presents the particular advantage to generalise the access to collective rights without threshold limits and seems to reinforce on the one hand the cooperation between direction and workers (like the Netherlands’ concept of profiling works councils operate as an

advising body of the direction) and on the other hand to support a better acceptance of economic and social decisions. Yet this approach raises some criticisms that limits in reality a possible extension or adaptation to the Scandinavian model of representation to other middle and south European countries. Beyond the historic and economic background on which each national labour system and particularly one's industrial relations system is built on, the extension of the exercise of collective rights to (not elected) groups of individuals with a minimal negotiated frame could weaken unionism and present a real danger for the work force especially in social and economical crisis, where minimal negotiated guarantees can quickly loose their protection purposes.

Moreover it appears that generally firms' collective agreements in the field of training issues and early recognition of qualification needs still remain in the background. A possible reason for this attitude can be explained by the fact that training strategy remains in most European countries the competence field of the executive. A second reason can be found in the disinterest of both workers and their representatives for training issues. On the other hand training strategies have had a tight link to restructuring or reorganization of firms undertaken with a view to slimming down a business. This negative appearance of firms' training strategies has to move towards a positive and effective materialisation of the concept of life long learning. Furthermore training issues should be bargained as an anticipative and active field to tackle rapid changes and skill enhancement of the labour force. A comparative approach of collective agreements signed on this particular issue, related to one's national legal organisation of collective rights, shows that collective rights are often underestimated and that more latitude could be taken to enlarge existing collective issues such as the evaluation of training measures (access, quality) and even to create new fields of negotiation such as negotiation about early skill gaps and the management of qualification needs.

4 Conclusion

The purpose of this comparative research is to analyse the role and impact of workers' representatives on firms' training strategies and particularly on their responsibilities in the early recognition of qualification needs with regard to legal provisions and negotiated issues building the framework of collective rights. Of particular interest is to determinate to which extend vocational training issues raise concern among social partners and what kind of innovative and somehow alternative instruments they dispose to counter skill shortages in firms.

Moreover a comparative legal approach of a very actual issue such as vocational training supports the better understanding of neighbours labour law systems focusing on the existence and use of collective representation rights towards the development of a cooperative and anticipative training strategy of firms. We do not intend to

reproduce an apparently good working system in another country, the point of this study is to look at mechanisms and their application to a selected issue that is the early recognition of qualification needs to find out innovative and well performing tools towards a cooperative monitoring of skill enhancement in firms. General findings that could easily cross national boarders are for example the early and active implication of workers' representatives in firms' training management as well as in firms' training strategies, the extension of collective rights of representation to the issue of vocational training schemes and to the implementation of the concept of life long learning and to a restricted extent the delegation of collective representation rights to an non elected group of workers in firms.

More specific orientations could be developed. For example, beyond the legal and collective basis given at the national level to social partners and directly to the workers' representatives to monitor vocational training issues and to collectively guarantee the right to vocational training, (1) the social partners have to take the initiative (right of initiative of the work council in Germany)(Däubler 2000) to negotiate and take responsibilities in the reaching of comprehensive results on issues such as the quality of vocational training measures, the appropriate financing support and the equal access of workers to training schemes. (2) In order to gain an extensive view of the actual and future needs in terms of skill and qualifications, and to be able to use information flows delivered from the executive, workers' representatives have to have access to particular training measures to update their own capacities to negotiate on this issue. The question is to determinate, how the responsibility for this purpose should be organised between employers, unions and the state. (3) The promotion of a higher level of skills within the company or within a sector increases the productivity and competitiveness but at the same time the social cohesion through higher motivation and it is likely to also increase the quality of jobs. This objective should be raised through wide-ranging cooperation at the firm level between management and labour. (4) Yet, the use of collective representation rights are bound to the existence and impact of social partners, that are very different from one country to another within Europe, and at the national level within professional sectors. Of importance is to gather interests and involvement to adapt and monitor a national collective bargaining policy on vocational training issues and in a broader sense on the issue of life long learning actually discussed at the European level.

Finally the dynamic of the European Union on the issue of life long learning has a determinant influence on national labour markets and especially on national institutions responsible for education and further training issues. In this respect the focus is set on the one hand on the guarantee to assure a right to vocational education for workers thanks to the 1989 Community Charter of the Fundamental Social Rights of Workers. On the other hand the explicit support of the social partners in the development of the concept of life long learning is requested at the European level as well as at the national level. Social partners have definitely embarked on an interactive process of promoting education and training that goes beyond national interests.

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The Role and Impact of Social Partners on Training in the European Union

Ralf Rogowski and Isabelle Schömann

1. Introduction

The role and impact of social partners on European social and employment policies is profound. Indeed, it is increasing over the last decade, in particular in the contexts of the Social Dialogue and the European Employment Strategy. In the following the contribution of the European social partners in devising education and training issues will be assessed in these two contexts, including the implementation of the concept of life long learning.

The social dialogue, which was encouraged by the Commission in the middle 80s, can be interpreted as an instrument of concerted corporatist policy making, based on negotiations and voluntary agreements reached by the social partners. The social dialogue is supposed to "enhance the legitimacy and practical feasibility of the EC social policy"[60]. In it the social partners play a double role of consultant and decision-maker. Their current negotiations over a framework agreement on lifelong learning is widely seen as a valuable addition to a partnership approach between the EC institutions and the social actors in social policy-making.

However, criticism regarding the efficiency of the social dialogue cannot be neglected[61]. A number of questions have already been raised. Given the considerable length and complexity of negotiations between the social partners, the social dialogue has not proven to be the most efficient form of legislation. There are signs that the social dialogue might have reached its limits in attempting to regulate education and training issues. In this context the new European employment strategy that was started at the European Council of Luxembourg in 1997 gains in importance. It uses a soft law approach in promulgating guidelines for employment policies that leaves wide scope for implementation by Member States. This so-called open method of coordination aims at rather monitoring than harmonisation of national policies and endorses an active role of social partners at both levels of consultation over the guidelines at European level and of implementation at Member State level.

Education and training is an area with high national diversity in policies. It is indeed an interesting area in which social partners can play a valuable role in

[60] Nieminen 2001: 10.

[61] Streeck 1999: 10.

implementing vocational training policies at national level, while at the same time European social partners actively cooperate in establishing and evaluating employment policies. The paper is divided into three sections. In a first part we analyse the role of the social partners in European social and employment policies. In a second part we outline the competences of the EU in the policy field of Education and Training, Finally we discuss the involvement of the social partners in education and training policies. This discussion includes the role of the social partners in the recent European Employment Strategy and the current consultations in the Social Dialogue to adopt a framework agreement on lifelong learning.

2. The Role of the Social Partners in European Social and Employment Policies

The role of social partners has gradually increased since the inception of the European Economic Community at the end of the 1950s. Since the beginning of the process of European integration in the 1950s the social partners, i.e. trade unions and employer associations, have been involved as policy advisors through formal participation in a range of official committees. However, in the early phases they did not play a role as regulatory objects or implementation agents, except for situations in which Member States choose as their choice of forma and method of implementation to empower the social partners to implement social policy directives by collective agreement (in accordance with Art. 189 (now 249) EC Treaty).

The situation changed during the 1970s. The Social Action Programme of 1974 started a harmonisation strategy of national labour laws[62]. In connection with new employee rights in case of collective redundancies and insolvency of the employer, provisions requiring consultation and information of employee representatives were introduced. In addition, health and safety representatives were created to improve the working environment in the companies, which benefited trade unions in some Member States. There was also a heated discussion at the end of the 1970s about further forms of employee representation at company level (for example the 'Vredeling' proposal). However, these proposals were blocked in the Council.

Collective social partners acquired a new role in the 1980s. They were discovered as additional actors both in relation to implementation and formulation of social policy. At the middle of the 1980s the Commission, supported by the European Parliament, encouraged the creation of trade union and employer organisations at Community level by offering these groups the opportunity to engage in extensive negotiations on employment policies[63]. Furthermore, the new European social partners started a so-called social dialogue ("Val Duchess" agreement 1985) that led

[62] Bercusson 1996: 49-64.

[63] Sandler 1985: 16.

to joint opinions, for example on training and motivation and information and consultation in 1987 and on education and training of 1990 (discussed in section 4). The social dialogue was formally recognised by the Single European Act of 1986 which introduced a new Art. 118b EEC: 'The Commission shall endeavour to develop the dialogue between management and labour at European level which could, if the two sides consider it desirable, lead to relations based on agreement.' The wording of the new article reveals that the idea of the social dialogue at this stage was to create more opportunities for the Commission to carry out its programme in the areas of social and employment policies. The incorporation of the social partners in active policy making was a reflection of the difficulties social policy encountered in the Council due to the fundamental opposition of the UK.

The social partners were granted formal legal recognition and a number of rights by the Community Charter of Fundamental Social Rights of Workers, adopted in 1989. This important document contains not only a fairly comprehensive list of employee rights, but also a strong endorsement of collective bargaining rights: freedom of association, the right to negotiate and conclude collective agreements, and the right to resort to collective action. However, unlike many employee rights, the collective rights have not been reflected in any legislation.

Again in reaction to UK rejection of social regulations, the role of the social partners was strengthened in the Treaty on European Union of 1992 in order to create an additional legislative route. In a Social Protocol annexed to the TEU the social partners were granted the opportunity to negotiate collective agreements that would then become formal law through a Council 'decision'. This created a unique new method of legislation in which private agents can make public policy. So far three so-called framework agreements have been concluded. These include agreements on parental leave, part-time employment, and fixed-term employment. Each of these agreements has been 'implemented' by the Council via issuing a directive[64].

The EC Treaty provides two methods of implementation of framework agreements. The first method to implement agreements concluded at Community level are 'procedures and practices specific to management and labour and the Member States'[65]. Since there is no obligation to bargain at national level in case of agreements concluded at Community level, it is widely seen as an impracticable route of implementation[66]. In fact this method has not been used so far. However, even the chosen method of implementation through a legal instrument adopted by the Council is somewhat flawed. Art. 139 (2) EC Treaty states as second alternative that agreements concluded at Community level shall be implemented 'in matters

[64] Directive 96/34/EC on parental leave; Directive 97/81/EC on part-time work; Directive 99/70/EC on fixed-term work.

[65] Art. 139 (2) EC Treaty.

[66] Barnard 2000:, 92.

covered by Article 137, at the joint request of the signatory parties, by a Council decision on a proposal from the Commission'. The term 'decision' is misleading in this Art. 139 (2) EC Treaty. It does not refer to the legal instrument 'decision' as defined in Art. 249 (former 189) EC Treaty. The Commission has said that 'decision' in this context refers to all binding legal instruments listed in Art. 249 (former 189) EC Treaty (regulations, directives, decisions)[67]. The preferred instrument to grant framework agreements *erga omnes* effect are directives.

An issue of considerable concern to the social partners are rights related to consultation and information of workers. The very first attempt to come to an agreement within the context of the social dialogue was consultation over a proposal for a European Works Council (EWC). However, this issue proved to be too controversial and the consultation among the social partners failed. The Commission acted instead by proposing a separate directive on the EWC, which was adopted as Council directive 94/45/EC.

A new phase of social and employment policy started in the 1990s with the introduction of the European Economic and Monetary Union (EMU). In order to manage the economic adjustment processes in preparation for membership in the EMU macroeconomic dialogues between the European fiscal, monetary and employment policymakers and the social partners both at national and European level were initiated. This led to additional functions for the social partners. They became participants of formal tripartite concertation. A most important institution in this respect is the Employment Committee, set up under Art 130 EC Treaty which forms part of the new Employment Title of the EC Treaty.

Since the early 1990s the most important concern was finding new ways to fight unemployment. Starting point for a reorientation of European efforts to combat unemployment was the *White Papers* on *Growth, Competitiveness and Employment* issued 1993 and on *European Social Policy* issued 1994[68]. The White Papers intended a reorientation of the field of social policy towards employment policy in order to become able to deal with unemployment. It has been argued that this reorientation was influenced by strategy programmes of the British Conservative governments presided over by Prime Ministers Thatcher and Major[69]. However, more important was probably the new dynamic instigated by efforts to introduce the European Monetary Union (EMU). At the European Council summit in Essen in December 1994 Member States were called upon to increase employment intensive growth, reduce non-wage labour costs, increase active labour market policies, fight youth and long-term unemployment, and to invest in vocational training. However, the central new element was the new role of the Commission and the Councils of Ministers in monitoring the measures taken at national level. The Commission and

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[67] COM(96)26 final: 7.

[68] European Commission 1993 and 1994.

[69] Neal 2000.

the Council of Ministers from now on had to report back annually to the European Council on progress in each of the Member States and the European Union as a whole. This has become known as the 'Essen Process'.

A further step was taken at the 1997 Intergovernmental Conference (IGC) that took place in Amsterdam. In it a discussion took place of establishing a specific EU unemployment criterion, like the EMU convergence criteria. However, this was rejected and a compromise was reached that extended the 'Essen Process'. The solution was to adopt for employment policymaking the "multilateral surveillance process" developed for EMU.

"This EMU surveillance process was originally set up to monitor Member State economic policies and ensure economic convergence in the run-up to monetary union. States were required to submit their national plans for convergence. The Commission and the other Member States vetted these plans. Peer review and recommendations for corrective action provided an additional push to Member States to pursue the difficult and politically controversial policies that would be necessary. By the time of the Amsterdam IGC, this system was a proven success. By adapting a similar approach for employment policy, it seemed possible to accommodate pressures for increased action at the EU level with contradictory pressure against expanding EU competence. The result was the Employment Chapter of the Amsterdam Treaty".[70]

The Employment Chapter was implemented even before the Amsterdam Treaty was ratified. At the extraordinary summit on employment in November1997 in Luxemburg the new process envisioned by the Employment Chapter, now called European Employment Strategy (EES), was launched. A first set of guidelines for Member State policies were introduced which will be monitored by the Commission on an annual basis. This procedure has become known as the 'Luxembourg Process'.[71]

The first Employment guidelines 1998 contained nineteen separate guidelines, falling under four pillars: *Improving Employability*: Measures to endorse active labour market policies and to increase skill levels among workers. *Developing Entrepreneurship*: Support for small, innovative businesses, including tax reform, in

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70 Trubek, Mosher 2001: 8-9.

71 "There was a heated debate on the scope of the guidelines. The Commission proposed a set of guidelines that was more comprehensive and detailed than most Member States were willing to accept. The Council made many changes in the guidelines proposed by the Commission. Three are particularly notable. Following the precedent of EMU, the Commission wanted to include quantitative targets for reduction of the unemployment rate and for an increase in overall labor market participation but the Council would not accept specific targets. The Council did agree to a quantitative target for the percentage of unemployed who would receive 'active' assistance but watered down the definition of active measures and lowered the percentage requested by the Commission. Finally, a guideline promoting wage moderation was removed entirely: this meant that wage policy was excluded from the employment strategy." Trubek, Mosher 2001: 9-10.

order to encourage them to create jobs. *Encouraging Adaptability of Businesses*: bridging the need for modernisation of work organization and the increase of the flexibility of workers through training. *Strengthening Equal Opportunities for Women and Men*: Promotion of gender equality in employment.

Since 1998 the Council and the Commission have produced annual employment guidelines that follow the four-pillar model. The employment strategy constitutes an on-going process of negotiation and adjustment. The Member States are expected to provide the Council and the Commission with National Action Plans outlining how they plan to respond to the guidelines and what progress has been made. On the basis of these reports the Commission and Council review Member State actions and issue a joint employment statement which creates the basis for the design of guidelines for the following year. While drawing up the annual guidelines the Commission consults a number of actors, including the Member States, the European Parliament, the Economic and Social Committee, the Committee of the Regions, the Employment Committee as well as the relevant social actors, i.e. trade unions and employer associations.

The Commission has gradually expanded the scope of its guidelines from 1998 to 2002 (the latest guidelines at the time of writing). Most important was the introduction of a target for the overall employment rate. In 2000 a target was finally adopted by the Council of having 70% of the eligible population employed by 2010.

Indeed EES creates new opportunities for social partners to have an impact on employment policies. The EES operates with a model of multi-layered governance. Many levels and units of government as well as social actors and public officials must cooperate to produce the National Action Plans. This must be done in consultation with regions and social partners. The annual review process involves discussion between Member State and Commission officials, and creates contacts among officials and social partners from different Member States.

Implementation of the guidelines require the Member States to engage in a dialogue with their social partners: The guidelines presume that the core of the welfare state will remain in force and do not envision major changes in the organization of industrial relations. Thus the EES process is designed to create ongoing policy dialogues that engage diverse groups and cross many traditional boundaries within government, between government and social partners, among actors from different countries, and between localities, national governments, and Union level actors and institutions. These dialogues are repeated on an annual basis and so should encourage continued deliberation. Member States are required to provide detailed information on their unemployment-reduction efforts, share best practices, and comment on each others' annual plans. There are several benchmarking mechanisms that encourage Member States to measure their performance against that of the best performers in the Union.

The EES in fact introduced a new governance mechanism that uses soft law methods to link the EU-level to the national and local levels. This new governance approach, now called the 'open method of coordination', has been adopted as a general model to be used in a number of policy areas, clearly designed on the model used to introduce EMU[72]. Through peer review and exchange of best practices, each Member State directly confronts the plans and experiences of others, thus acquiring benchmarks by which they can to measure their own performance. The Commission and the Council regularly review the national plans and provide comments and recommendations: these are often based on comparisons with the best performers and create additional benchmarks for each Member State.

There were important shifts between the 1998 and the 2002 guidelines. Some of these changes can be seen as an effort to refine the original guidelines in light of experience while others really introduce new objectives and set new targets. Among the clearest examples of refinement in the light of experience is the addition of a mandate to modernize Member State public employment services. As time went by, it became clear to the Commission and others that the effort to shift from 'passive' to 'active' unemployment-reduction policies would not succeed unless changes were made in the operation of public employment services in many Member-States so this mandate was added. Other refinements of the original strategy which seem to be the result of learning are the new mandates to eliminate poverty traps by changing tax and benefit policies; to improve procedures for skills certification, and to provide training for would-be entrepreneurs.

The Commission proposal for Employment Guidelines 2002[73] contains 18 separate guidelines. These include in Guideline 4 proposals for new initiatives for training and lifelong learning, in Guideline 5 support for so-called e-learning and in Guideline 15 suggestions to improve skill levels in enterprises through collective agreements on lifelong learning and information and communication technologies.

Before we discuss the specific involvement of the social partners in the implementation of these and other training issues we shall outline in the next section the main competences of the EU in conducting education and training policies.

3 The Competences of the EU in Education and Training

The competences of the EU in education and training can be distinguished into those related to vocational training and those related to general education. In the following we shall concentrate our discussion on the first aspect. Vocational training issues are now regulated in the Chapter on Education, Vocational Training and Youth of the EU

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72 See Hodson, Maher 2001.

73 COM(2001) 511 final.

Treaty. However, vocational training policies are also directly related to cornerstones of the legal structure of the common market, including the free movement of workers, freedom of establishment and occupational mobility as well as the principle of equality. Vocational training gained strategic importance in the 1980s when it became a valuable instrument to reduce unemployment. Furthermore, in recent debates vocational training is recognised as one of the main tools to implement the concept of lifelong learning. In this perspective vocational training bridges education and employment policies within the social policy agenda at European level as well as at national level.

From the outset it should be stated that the concept of vocational training is neither defined by the Treaty of Rome[74], nor by the Council Decision 63/266/EEC that initiated efforts of the European institutions to develop a common training policy. However, an important distinction is made by the EC Treaty between vocational training and qualifications.

Qualifications are widely regarded as an essential element of the conditions for the free movement of workers in the EU. Qualifications can be defined as "the official record of achievement that one gets when he/she successfully completed a course of training or passed an exam"[75]. An important reason for the regulation of qualifications at European level is the concern with transparency of qualifications throughout Europe. As part of the regulations on the right of establishment, the EC Treaty empowers the Community to issue directives "for the mutual recognition of diplomas, certificates and other evidence of formal qualifications"[76]. These competences aim to promote mobility of the workforce and to facilitate activities for self-employed persons to exercise their profession in other Member States than the state where diplomas or certificate have been obtained. In this respect, the Community has launched an extensive action programme to harmonise the content, the level and the duration of qualification in approximately 200 professions. Furthermore, the creation of the general system of recognition of diplomas has been developed since 1988 and was simplified in 2001. Further directives have been proposed in connection with the *White Paper on education and training* of 1995[77], its evaluation in 1997 and its implementation in 1999/2000 and the *Green Paper* of 1996[78]. However the requirement of unanimity to adopt directives slowed down the process of harmonisation of qualification levels in the EU. Although the European Court of Justice adopted a broad interpretation of the right of establishment (Art. 43 EC Treaty), it remained strictly bound to the principle of subsidiarity. In this context it

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74 EEC Treaty of 1957, as amended by several treaties and in its latest version as EC Treaty published in Official Journal C 340, 10.11.1997: 173-308.

75 IAB Glossar. 2000. To be distinguished from the German meaning of "Qualifikation" as the sum of knowledge and competence acquired trough education, training and professional experience.

76 Art. 47 EC Treaty .

77 Teaching and learning - towards the learning society COM/95/0590.

78 Education - Training – Research - The obstacles to transnational mobility - Green Paper /* COM/96/0462.

should also be mentioned that the European Union has launched since 1995 important educations programmes that encourages the recognition of qualifications[79].

Vocational training has a long history of being regulated by EU law, including the latest attempt to link it to policies of lifelong learning. Vocational training or vocational education includes training on the job and in training centres and aims at preparing the individual for an occupation, trade or job or a group of trade or jobs[80]. Vocational training is by 'definition' related to professional purposes, in contrast to adult education for the purpose of general educational instructions or for the pursuit of leisure-time activities. Vocational training is closely related to further training or continuing education, meaning any training following initial training or employment, that tend to be spread over the individual's (professional) life span, generally but not exclusively in alternation with period of work. The emphasis on lifelong learning is one of the key objects of the recent action programme of the EU "Leonardo da Vinci" I and II[81] in promoting access to vocational training by improving national vocational training systems and encouraging professional lifelong learning.

A legal definition of vocational training was first given by the European Court of Justice in the leading case of 1985[82]. In the case Francoise Gravier, a French student at the academie royale des beaux-arts in Liege, challenged a Belgian practice to charge national and foreign students different enrolment fees. The applicant claimed that the city of Liege should be prohibited from requiring her to pay a fee called the "minerval" (enrolment fee) for foreign students in higher art education which students of Belgian nationality are not required to pay. In 1983, the *tribunal de premiere instance of Liege* referred the case to the ECJ under the preliminary ruling (Art. 177 (now 234) EC Treaty), asking two questions concerning the interpretation of Art. 7 EC Treaty. First, is there any discrimination on ground of the nationality (contrary to Art. 7 EC Treaty), if nationals of member states of the European community who enter the territory of another member state for the sole purpose of following courses in an institution offering instruction elating in particular to vocational training, are required to pay enrolment fees as a condition of access to vocational training, whereas the same fee is not imposed on students who are nationals of the host member state? Further, what criterion should be used to decide whether a course on strip cartoon art falls within the scope of Art 128 (now 150) EC Treaty? This last question required from the European Court of Justice to formulate a

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79 Socrates (to promote student mobility), Erasmus (for the cooperation between universities), Comenius (for the cooperation between schools) and Lingua (to promote language learning) (programme), Eurydice (to promote information on education) and Arion (for the exchange of experience between decision-makers in the field of education.

80 IAB Glossar. 2000

81 Council Decision 94/819/EC of 6 December 1994 establishing an action programme for the implementation of a European Community vocational training policy. Council Decision 1999/382/EC of 26 April 1999 establishing the second phase of the Community vocational training action programme Leonardo da Vinci.

82 Gravier v. Ville de Liege, Case 293/83 [1985] ECR 593.

definition of the notion of vocational training that until this case did exist neither in the Treaty of Rome, nor in the Council decision of 1963[83].

Of great interest is therefore how the Court understood the concept of vocational training. Indeed the Court adopted a wide definition: “any form of education which prepares for a qualification for a particular profession, trade or employment or which provides the necessary training and skills for such a profession, trade or employment is vocational training, whatever the age and the level of training of the pupils or students, and even if the training programme includes an element of general education”. This important statement referred to Art.128 (now 150) EC Treaty as the fundamental element of the European training policy. Furthermore it refers to the Council decision 63/266/EEC as well as to the general guidelines laid down by the Council in 1971, stating that “in view of the constantly changing needs of the economy the aim of vocational training should be to offer everyone the opportunity of basic and advanced training and a continuity of in-service training designed, from a general and vocational point of view, to enable the individual to develop his personality and to take up a career”. These references to European basic documents gave to the definition of vocational training a substantial meaning that the Court has reiterated in several cases, with little significant changes. For example it was clarified that vocational training can be received at universities, if it prepares for a particular occupation[84], but not for the improvement of general knowledge. Furthermore, and closely bound to the non-discrimination principle between national and foreign workers in Art. 7 (2) EC Treaty, the Court had to clarify the nature and the maintenance of grant for attending vocational training[85].

3.1 Competences of the European Institutions in vocational training matters

Since the beginning of the European integration process education, like European labour law, has been seen as a matter for national legislation, in which the European Commission is supposed to “promote cooperation between the Member States and facilitate the coordination of their action”[86], but not introduce enforceable rights[87]. The overarching original goal of the European Community was economic integration and not harmonisation of labour laws.[88].

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83 Bainbridge, Murry 2000: 7.

84 Blaizot v. Université de Liege and Others, Case 24/86 [1988] ECR 379.

85 Barnard 2000: 144-147.

86 Arts. 136 (former 117) EC Treaty , 140 (former 118) EC Treaty.

87 Barnard 2000: 2.

88 The target of the European Economic Community 1957 was to create an economic integration throughout the Community thanks a common market. The optimisation of social standards was viewed as a result of the expected economic growth resulting from the liberalization of trade.

As already mentioned separate training policies started with the Council Decision 63/266/EEC. Another impetus derived from the European Social Charter of 1961, adopted by the Council of Europe, in which the right to vocational training guidance (art. 9) and vocational training (art. 10) covered issues ranging from apprenticeships to re-training facilities[89]. In a number of decisions the European Court of Justice referred to the Social Charter as source of fundamental rights. The Amsterdam Treaty in 1997 refers explicitly to the Social Charter (Art. 136 (former117) EC Treaty), thereby treating it as part of the "acquis communautaire".

A further source of vocational training rights is the Community Charter of Fundamental Social Rights of 1989. It grants workers the right to participate in training during their professional life (Art. 15), amounting to a right to lifelong access to training[90]. However, the implementation of the rights contained in the Charter by the Social Action Programme put forward by the Commission did not include concrete measures on training. The latest attempt to introduce a catalogue of fundamental rights is the draft Charter of Fundamental Rights of the European Union, which does not, however, include concrete references to vocational training[91].

Already in the Treaty of Rom of 1957 general education and training was seen as a European field of action[92]. With Art. 128 (now 150) EC Treaty the Council was charged to determine the general principles for the implementation of the training policy, in which the Community could act. The framework of the community policy for education and training was defined by the Council decision of 1963[93] laying down general principles for implementing a common vocational training policy. Although these political declarations[94] aimed at encouraging the Member States to act in favour of a community training policy, without having a binding legal effect, the Member States showed reluctance towards common actions in the field of education and training, for the reason that "Member States are in the first instance responsible for their education and training systems – each according to their institutional circumstances"[95]. Even European action programmes did not gain European interest before the late 1970s. Instead, initial vocational training policy dealt exclusively with

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89 The revised version of the European Social Charter of 1996 enlarges the definition of vocational training to include unemployed and there needs to be retrained and reintegrated (Art 10 (4)). Great interest is also given to the employees' representatives in the effective implementation of vocational training actions as well as in retraining measures "as a result of development or new trends in employment" (Art.10 (3b))

90 Rodière 1998: 104.

91 Final Communication COM(2000) 559 of 20.29.2000. See the homepage of the Council of the European Union on fundamental rights. http://ue.eu.int/df/default.asp?lang=en

92 Rodière 1998: 248.

93 Council Decision 63/266/EEC of 2 April 1963.

94 Bainbridge, Murry 2000: 6.

95 A Memorandum on Lifelong learning. European Commission 2000:5.

transnational recognition of qualifications first for the regulated professions, than attempting to create transparency for non regulated professions[96].

When in the late 1980s emphasis shifted to focusing on the promotion of human resources, this gave vocational training issues a greater resonance. However, competences remained weak. The Maastricht Treaty on European Union of 1992, with its emphasis on subsidiarity, did not lift the restrictions for Community legislation, under which the Community is supposed to adopt only a supportive role in training issues. Art.127 (1) (now 150 (1)) EC Treaty states: "The community shall implement a vocational training policy which shall support and supplement the action of the Member States, while fully respecting the responsibility of the Member States for the content and organisation of vocational training."

Under these circumstances the Community had to resort to soft law measures which had only limited effects on the will of the Member States to introduce a uniform EU Policy on vocational training. Things changed somewhat with the Amsterdam Treaty of 1997. The supporting measures which the European Union to can adopt to foster Member States' vocational training policies, have to be adopted under the co-decisions procedure (Art. 251 (former 189b) EC Treaty, following consultation of the Economic and Social Committee and the Committee of the Regions.

Further involvement of the Community in social issues was proposed in the already mentioned White Paper on *Growth, Competitiveness and Employment* 1993[97], in the *White Paper on Social Policy* 1994[98], and in the *White paper on Education and Training* 1995[99]. These documents are part of a process, which aims to analyse and propose guidelines for action in the field of education and training in order to improve employment and competitiveness at EU level. They put the emphasis in social aims like the promotion of education and vocational training in order to create incentives for the Member States to engage in coordination, harmonisation being outlawed[100] and replaced by "management by objectives" and monitoring the implementation of policy guidelines[101].

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96 Heidemann 2000: 9.

97 Commission White Papers are documents containing proposals for Community action in a specific area. In some cases they follow a Green Paper published to launch a consultation process at European level. When a White Paper has been favourably received by the Council, it can become the action programme for the Union in the area concerned.

98 COM (94) 333, 27.07.1994

99 Teaching and learning - towards the learning society, COM(95) 590.

100 And strictly excluded from the EU competence: see Art. 251 (4) EC Treaty "The Council (..) shall adopt measures to contribute to the achievement of the objectives referred in this section (the implementation of vocational training policy) excluding any harmonisation of the laws and regulations of the Member State".

101 Setting benchmarks, concrete targets and a monitoring system to evaluate progress. Barnard 2000. 17. See Council recommendation on the implementation of member states' employment policies. 2001. COM (2001) 512.

3.2 Employment guidelines on employability and on adaptability

Education and vocational training were initially seen merely as accompanying policies to achieve the establishment of the common market. They were economic instruments to enable mobility of employees within the Community[102]. Nowadays education and vocational training form part of the employment policy of the EU[103] and are one of the most important tools to achieve adaptability and employability of the work force.

The recent development of the European Employment Strategy is characterised by a change in vision in European social policy. It is carried by a will to tackle the consequences of the internationalisation of the economy for society and the workforce. It acknowledges the need for continuous adaptation of knowledge and know-how as well as the development of an information-based society. Vocational training has become a key tool in developing and maintaining the employability and the adaptability of the workforce[104]. With the inclusion in the Treaty of Amsterdam of a new Employment Title the EU takes a new view on education and training issues. In this title (Arts. 125 –130 EC Treaty) the EU provides the legal basis for a co-ordinated strategy between the Community and the Member States and sets up a procedure in which the European Council and the Commission acquire a leading role in education and training issues:

Indeed, two of the four "pillars" of the employment guidelines are directly concerned with vocational training issues. These are pillar I on "improving employability" of individuals and pillar III on "encouraging adaptability" of business and their employees. The employment guidelines proposed by the Commission for the year 2002 contain in pillars I and III concrete propositions on prevention and anticipation of vocational skill needs for large target groups, including the (re)integration of unemployed and ageing workers, of young people and atypical workers through vocational training actions. Great emphasis is also put on the quality of vocational training and the will to match qualitative training systems and labour market needs, thereby achieving greater employability of the workforce. Special foci are improving access to the knowledge-based society and preventive actions to

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102 See also Gravier v. Ville de Liege, Case 293/83 [1985] ECR 593, Summary, point 1: «Common vocational training policy referred to in article 128 of the treaty (..) constitutes an indispensable element of the activities of the community whose objectives include the free movement of persons, the mobility of labour and the improvement of the living standards of workers." Further point 22: "with regard more particularly to vocational training, article 128 of the treaty provides that the council is to lay down general principles for implementing a common vocational training policy capable of contributing to the harmonious development both of the national economies and of the common market".

103 The roots of the new emphasis on employment can be found in the Commission White Papers of 1994 and 1995.

104 See Pillar 1 and Pillar 3 of the proposed Council Decision on Guidelines for Member' States' employment policies for the year 2002 COM(2001) 551.

address skills gaps and the erosion of skills. Moreover Member States have to avoid "emerging bottlenecks" in the European labour market by developing job matching, by enforcing policies to prevent skills shortages and by promoting occupational and geographical mobility[105].

In conclusion we can summarise the competences of the European Union to introduce training policies and related measures as follows. On the basis of Art. 150 (former 127, respectively 128) EC Treaty, which specifically addresses vocational training, the Community can only support and supplement the Member States in their efforts to conduct and coordinate training policies. The Community cannot issue legal measures that aim at harmonisation of national training laws. The situation is different in relation to free movement of workers and the freedom of establishment of self-employed persons. In these contexts the Community has stronger competences and has used them to introduce harmonising legislation, for example in relation to mutual recognition of diplomas. A new route to take action was opened with the introduction of the European Employment strategy. As part of Employment Guidelines the Council and the Commission demand action from the Member States in the areas of training and lifelong learning which are regularly monitored and evaluated by the Community institutions. Non-implementation of measures leads to a dialogue between the Community institutions and the Member States in which the Member State has to justify inaction or improper implementation.

4. The Role of the Social Partners in European Education and Training Policies

The social partners play an important role in the formulation and implementation of European training policies. They act as advisors of the Commission in special advisory committees. Furthermore, they participate ongoing tripartite concertation and collective negotiations on training and qualification of employees.

Since 1970 the social partners are members of the Standing Committee on Employment. According to its official mission statement "the task of the Committee is to ensure, in compliance with the Treaties and with due regard for the powers of the institutions and organs of the Communities, that there should be continuous dialogue, joint action and consultation between the Council - or, where appropriate, the Representatives of the Governments of the Member States -the Commission and the social partners in order to facilitate coordination by the Member States of their employment policies in harmony with the objectives of the Community". Since its reform in 1999 the Standing Committee is composed of European-level social partners only. It is required to take into account the Community's social and

[105] European Commission, 2001. Proposal for a Council Decision on Guidelines for Member States' employment policies for the year 2002. COM (2001) 551: 13

economic objectives and be steered by the guidelines for employment and the broader ones on economic policy .They are regularly consulted by the Employment Committee which was established by a Council Decision 2000/98 and which is composed of two representatives of each Member State plus two representatives of the Commission. The regular discussions and negotiations in the Standing Committee on Employment and with the Employment Committee provide an ideal platform for the social partners to engage in discussions of training policies.

The social partners are also regarded as valuable actors in implementing the employment guidelines adopted in the context of EES. Although the guidelines address in the first place the Member States, the social partners are mentioned as important advisors and implementation agents: "Member states will, as appropriate with the social partners, step up their efforts to identify and prevent emerging bottlenecks (.)[106]". In Pillar III of the proposed 2002 Employment Guidelines on adaptability, the social partners are mentioned as the first addressee to improve the level and quality of work at firm level and to implement lifelong learning strategies by means of collective agreements[107]. In relation to skill levels within the enterprise as a key component to lifelong learning, Guideline 15 of the proposed 2002 Employment Guidelines states: "The social partners are invited, at all relevant levels, to conclude agreements, where appropriate, on lifelong learning to facilitate adaptability and innovation, particularly in the field of information and communications technologies. (.)".

Since the launch of the first employment policy guidelines in 1998 at the Luxembourg Summit, the Member States have responded positively in their National Action Plans to engaging in new education and training strategies. This includes national industrial relations actors who are called upon to support strategies to introduce and improve employment policies, including training and lifelong learning policies, and to consult with national governments in producing the annual National Action Plans. Furthermore, the new regulatory method of the open method of coordination emphasises the virtue of diversity of national laws and policies. However, in order to become a successful regulatory strategy the open method of coordination has to overcome a particular obstacle. This is related to the ECJ's internal market case law. It can indeed be argued that the Court's view of what is required for the establishment and functioning of the common market in Europe must include the acceptance "that differences between the laws of the Member States do not in themselves constitute a threat to the realisation of the internal market project" [108]. Judging on past experiences of changes in judicial interpretation in the area of free movements, this obstacle should not pose too big of a threat to the regulatory strategy of an open method of coordination.

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106 European Commission 2001: 13 Guideline 6.

107 European Commission 2001: 16 Guideline 13.

108 See also Syrpis 2001: 271.

In relation to participation of social partners at the European level their competences to negotiate over training issues in the Social Dialogue are of particular significance. The social partners were first encouraged in the mid 1980s by the Commission to enter negotiations in social matters. Since then the social partners have issued a number of so-called joint opinions on training and education. These joint opinions are the result of negotiations between UNICE, CEEP and ETUC and are concerned with rather general objectives. Indeed, they can be understood as an attempt to develop a "concerted corporatist labour market policy"[109]. Joint opinions express common positions of the social partners on particular social matters, but lack any binding effect, thus they are not collective agreements [110]. Although they are addressed to the Commission as well as to the Member States, they remain largely unknown to the latter. The main function of joint opinions seems indeed to enhance the legitimacy and practical feasibility of social policy at the EC level.

Between 1987 and 1998 seven joint opinions[111] tackle the issue of vocational training in a rather detailed way. The social partners acknowledge "the vital role played by education and training in the strategy for the completion of the internal market as well as in the process of European integration"[112] and give their active support to the Commission as well as to the national Member States to promote a qualitative improvement of education and vocational training. They emphasise the necessity to involve at all level "the two sides of the industry" in the adaptation and updating of training, in service training and retraining programmes and policies to actual skill requirements[113]. The social partners stress the necessity to offer multiskilled training to adapt to structural changes in firms[114] and they emphasise the importance of co-operation of employers, employees and their representatives in the planning and the implementation of training programmes. For this purpose information and consultation in firms must be effective and guaranteed at the appropriate level according to national laws and practices[115]. Furthermore, the social partners stress their autonomous role and require additional participation in community programmes[116]. Special emphasis is put on the essential role their play in

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109 Nieminen 2001: 10.

110 Rodière 1988: 96.

111 The joint opinions concerning training and motivation, and information and consultation (6.03.1987), on education and training (19.06.1990), on new technologies, work organization and adaptability of the labour market (10.01.1991), on vocational qualifications and certification (13.10.1992), .on the future role and actions of the Community in the field of education and training, including the role of the social partners (28.07.1993), on the contribution of vocational training to combating unemployment (..) in the light of the White Paper (4.04.1995), on the draft decision for the second phase of the Community programme for vocational training , Leonardo da Vinci II (1.10.1998).

112 Joint Opinion on Education and Training of 19 June 1990, preamble.

113 Joint Opinion of 1987, § 3 and 4, Joint Opinion of 1990, § 4, Joint Opinion of 1991 § 3.1.

114 Joint Opinion of 1991 § 3.1.

115 Joint Opinion of 1987, part B, Joint Opinion of 1990 § 7, Joint Opinion of 1991 § 2.2.

116 Joint Opinion of 1993, 5.2.

contributing to quality training[117]. The Joint Opinion of 1991 underlines in a special paragraph (§ 2) the significance of the social dialogue as a "constructive" dialogue, to find out solutions to better manage changes, "that implies negotiations at appropriate levels to adapt, if necessary, existing agreements, or to conclude new ones"[118].

The social partners are currently discussing the conclusion of a framework agreement on lifelong learning. The Commission issued in October 2000 a working paper entitled *A Memorandum on Lifelong Learning*[119]. The social partners started consultations and responded with an *Interim Report on Education and Training* in spring 2001. This joint statement was signed by the European Trade Union Confederation (ETUC) for the employee side and by the Union of Industrial and Employers' Confederations of Europe (UNICE) and the European Centre of Enterprises With Public Participation and of General Economic Interest (CEEP) for the employers. It acknowledges the cooperation between the social partners on the promotion and realisation of lifelong learning and gives a political signal to the Commission on the existence of an active dialogue on this issue, aiming at a European Framework Agreement[120].

This report is divided into two parts, the first one dealing with the general principles that should guide the joint work of social partners in the promotion and realisation of lifelong learning. The second one focuses on activities and tools to be developed or adapted. In the part on general principles the social partners state as key objectives:

- To guarantee every individual access to opportunities to learn and to acquire basic qualifications and key skills, in initial education and training and in continuing vocational training.
- To evaluate education and training systems according to quality indicators (benchmarking process).

In part two four areas of activities are proposed:

- Identification and anticipation of competence needs of sectors, firms and individuals, including the identification of learning needs, establishment of learning plans, mechanisms of comprehensive information and guidance, and formal recognition of competencies.
- Innovative tools and approaches for the development and promotion of a learning culture at enterprise level (for example changes in work organisation, time for learning, quality assessment).
- Recognition, validation and accreditation of competencies, allowing for the portability and transferability of competencies in the EU.

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117 Joint Opinion of 1995, 30 .

118 See also Joint Opinion of 1993, 5.1.

119 European Commission 2000. A Memorandum on Lifelong Learning. SEC (2000) 1832

120 Social Dialogue education and training – Interim Report. 2001: 5.

- Resources for lifelong learning are suggested to derive from tax relief, tax incentives and other mechanisms, from utilising funding sources of firms and from individual learning accounts.

After the interim report the European employer associations and the ETUC have issued separate position papers on the Commission Memorandum. The employers are concerned that lifelong learning should not become a right of individuals. At the moment it is not clear if the partners can come to an agreement. The main obstacle seems to be that the employers cannot find a common strategy.

However, if the social partners reach an agreement, it will be the first framework agreement on education and training. Like its predecessors, the framework agreements on parental leave (1991), part-time work (1995), working time in agriculture (1997), in rail transport (1998) and in sea transport (1998), and fixed-term contracts (1999), it will become EC law unchanged as a directive. However, if no agreement can be reached, the Commission is of course free to propose a directive under the normal legislative procedures in order to introduce a harmonising measure in the area of education and training.

The consultation over lifelong learning reveals structural deficits related to the current Social Dialogue between European social partners. A weakness is a certain lack of transparency. The negotiations occur behind closed doors and exclude the critical public. Furthermore, the social dialogue is characterised by a democratic deficit[121]. The European Parliament is excluded from any involvement. Once a framework agreement is entered, the Commission and the Council implement the agreement into EU law without further discussion of its content. Other criticism relates to the lack of reliability on the social partners to come to an agreement and the vagueness of concepts adopted in agreements that leads to difficulties of legal interpretation. Indeed, the consultation of social partners in the Social Dialogue cannot even be called collective bargaining; it lacks any sanctions to influence the bargaining process[122]. The Social Dialogue is in fact an additional instrument for the Commission to achieve certain outcomes it might not have reached in dealing in conventional legislative procedures with the Council and the Parliament:

5. Conclusion

The social partners are important players in European training policies. Despite the shortcomings of the Social Dialogue the Commission still seems keen that the social partners enter into a framework agreement on lifelong learning. Such an agreement within the context of the Social Dialogue would indeed be a valuable contribution of the social partners to European training policies.

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121 See also Britz/Schmidt 2000.

122 Lo Faro 2000.

However, there are other ways beyond the Social Dialogue in which the social partners can contribute to establishing and implementing training policies. They can play an active part in macro-economic concertation within the various advisory by insisting on training or skills-related issues. Furthermore, at company or firm level they can negotiate with employers over training issues that are targeted by European policies.

The social partners are also invited to play an active role in the context of the EES. In negotiations with national governments and in sectoral collective agreements they can actively endorse European training policies. In the long run national social partners will probably gain a greater role in formulating and carrying out education and training policies. If this is also true for social partnership at the supranational European level remains to be seen. So far we cannot really speak of a reflexive labour law[123] and a self-regulatory system of industrial relations at the European level. The Social Dialogue was invented by the Commission to overcome deadlock in the Council. Since the fundamentalist UK opposition has vanished, there is a need to redefine the Social Dialogue in terms of true collective bargaining. So far this has not happened.

[123] See Rogowski, Wilthagen 1994.

ANNEXES

ANNEX Extract from **The Employment Guidelines for 2002**
Proposal for a Council Decision on Guidelines for Member States' employment policies for the year 2002**,** Brussels, 12.9.2001, COM(2001) 511 final. Extracts :8-17.
see after p. 220

ANNEX

SOCIAL DIALOGUE EDUCATION AND TRAINING
INTERIM REPORT

Challenges

'The European Union is confronted with a quantum shift resulting from globalisation and the challenges of a new knowledge-driven economy'[124].

The Lisbon summit created a new dynamic by setting itself the strategic objective of making the European Union a competitive economic area based on innovation, knowledge and social cohesion, capable of tackling the necessary changes "in a manner consistent with its values and concepts of society and also with a view to the forthcoming enlargement".[125] Comprehensive strategies for lifelong learning are therefore a top priority.

In the perspective of the Lisbon conclusions and with respect to the Feira and Nice European Councils, social partners agreed to work jointly on the promotion and realisation of lifelong learning.

Only a joint effort by the European Commission, the national governments and social partners, each within their mandate and responsibility, can make the Lisbon ambitions and objectives a reality.

The social partners' working agenda should be regarded as their specific contribution to this process.

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124 Lisbon Summit conclusions.

125 Lisbon summit conclusions.

Meeting the challenge imposed by the globalisation of economies and markets, the introduction of new technologies and especially of ICT, new forms of organising work, services and production, implies innovative approaches and a strong partnership at all appropriate levels.

The European Union is also confronted with a serious demographic challenge. This requires a new way of approaching the learning systems. Training young people entering the labour market is of high importance but it will not be enough. It is necessary to give opportunities to those who are already in work, to all age groups, to both women and men, skilled and unskilled, if significant increases in the skill levels are to be achieved. Learning should also contribute to the promotion of equal opportunities.

The development of lifelong learning, based on knowledge, skills and competencies is certainly one of the key instruments for fostering the knowledge-based society. It requires organisations to understand the necessity to have the will and appropriate instruments to adapt to the quick pace of change.

A knowledge-based society will foster economic growth, sustainable development, social inclusion, to increase the competitiveness of the European economies and companies, through higher levels of productivity and profitability as well as to the creation of more and better jobs and to a higher job quality. It will also promote active citizenship and personal development.

A “culture” of lifelong learning implies the opportunity for every individual to develop a personal commitment and a strong motivation to enhance his or her ambitions and interests, that is a capacity for learning in different contexts.

The promotion of a culture for learning is also linked to the way work and the company are organised.

All relevant partners, at all appropriate levels and according to their specific responsibility, must play an active role in order to create the necessary conditions and instruments for lifelong learning to become a reality.

New skills are required in order to cover the needs of both traditional and innovative enterprises as well as those of the whole workforce. Simple technical skills or abilities are no longer sufficient. A new set of general, personal and social competencies, complementary to specialised qualifications is needed, as confirmed by enterprises’ experiences.

Beyond literacy and numeracy, key skills comprise problem solving, abilities for creative and critical thinking, communication, team work, the ability to learn how to learn, computer literacy, etc. These are essential to promote employability and to enable enterprises to adjust to the quick pace of change.

Furthermore, providing every worker with ICT skills is crucial for employers and employees in order to overcome ICT skills shortages

The identification of new skills needs to be progressively updated in line with changing requirements.

General principles

To support the developments to meet the above mentioned challenges, CEEP, ETUC[126], UNICE/UEAPME, agree on the following:

Partnership

To put lifelong learning into practice means working together and identifying the responsibilities of the different actors. It also means the involvement of social partners – at all appropriate levels – in the development, implementation and evaluation of policies by public authorities and learning institutions.

Shared responsibility of employers, employees and public authorities

To build on a sense of shared responsibility for lifelong learning among all key actors – Member States, European Institutions, Social Partners, the world of enterprise and the individual citizens themselves each at their own level- will be the key to success.

It is also essential that public authorities promote a general framework for strategies of lifelong learning, within which they ensure that measures are undertaken to address the needs of specific groups.

Role of social partners

The development of lifelong learning poses new challenges for both employers and employees at all levels.

Social partners need to meet these challenges, building on good, comprehensive and innovative strategies and practices, and contributing to the identification of new methods in terms of promoting and delivering learning.

UNICE/UEAPME, ETUC, CEEP will concentrate their work on areas where employers and workers have a specific knowledge or responsibility, at all appropriate levels and utilise the mechanisms within their reach.

Social partners at the European level want to give a clear political signal on their joint engagement and on their specific contribution *"in order to identify ways of*

[126] The ETUC delegation includes representatives of the Eurocadres/CEC Liaison Committee

promoting access to lifelong learning and developing the skills of all men and women"[127].

Access and motivation

Every individual should be able to access opportunities to learn and to acquire basic qualifications and key skills, in initial education and training and in continuing vocational training. Good information, advice and guidance are equally important in this regard.

Access to and participation in learning are influenced by several factors: level of qualifications, age, gender, type of work contract, size of enterprises. The impact of these factors has to be taken into consideration in order to meet the challenges.

In order for lifelong learning to become part of a new culture, supporting the development of employability and enhancing the enterprises' competitiveness, these questions must be addressed.

Therefore, employers, managerial and professional staff, and the whole workforce must be motivated and work in close co-operation in order to develop and promote competencies. The social partners need to identify the strategies and patterns that will contribute to this objective.

Diversity

Lifelong learning is a common challenge for Europe. There is evidence that no "one size fits all" solution is possible, because traditions and education and training systems differ inside the European Union. Nevertheless, the social partners are working to identify general principles.

Quality

Education and training systems should be evaluated according to quality indicators. The social partners have a role to play in the identification of these indicators as well as in the evaluation process.

The way forward

In the light of the identified challenges and general principles, ETUC, UNICE/UEAPME, CEEP wish to give their contribution to the promotion of lifelong learning and to the development of skills in Europe. The social partners will explore the possibilities through their joint work which may include the following aspects :

[127] Joint statement of the social partners to the Forum on the 15 June 2000

Identification and anticipation of competence needs

Identification and anticipation of competence needs is one of the priorities for social partners' joint work. Appropriate mechanisms will have to be identified in order to match supply and demand in the labour market and to fulfil needs at territorial, sectoral, enterprise and individual levels:

- The identification of enterprises' competencies needs;
- The development, measurement and evaluation of existing competencies;
- The identification of individual learning needs;
- Learning plans;
- Relevant mechanisms for information, advice and guidance;
- Participation and motivation of employers, workers and their representatives;
    - Links to be made at sectorial, territorial and European levels (European Observatory on Industrial Change).

Innovative tools and approaches for learning

The development of a lifelong learning culture implies new and innovative tools and approaches for learning at enterprise level. New models are needed in order to encourage and promote learning:

- Changes in work organisation and the importance of learning organisations;
- New learning methods and the use of ICT;
- Time for learning / learning leaves;
- Assessment of learning;
- Quality assessment.

Recognition, validation and accreditation

Learning and skills development at work is seldom formally assessed, recognised or formalised, meaning that the visibility and transferability of skills and competencies acquired is rather limited.

New ways of improving visibility and transferability of skills and competencies have to be found:

- Validation of competencies and skills acquired on the job, instruments allowing for portability and transferability;

- Instruments allowing for the validation of qualifications in Member States.

- Improved transparency of skills and competencies at the European level by establishing links between the relevant national practices.

Impact on career progression, earning capacity and employability.

Resources for lifelong learning

The creation of a knowledge-based society must be accompanied by new efforts in terms of shared investment in human resources development, based on the principle of partnership and on the identification of the different levels of responsibility of each actor:

- New ways of funding at company level, through the utilisation of different types of resources;

- Individual learning accounts;

- Tax relief / tax incentives / other mechanisms.

On the basis of the results of their joint work, ETUC, UNICE/UEAPME, CEEP will commit themselves to work towards a European framework, including common goals, in order to promote lifelong learning at all levels and especially at enterprise level.
The Social Partners will engage themselves to promote this European framework at national level through their respective organisations, according to national practices.
Social partners will jointly identify a number of mechanisms for exchange of information and experience, which will allow them to monitor progress.

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What is the future of vocational education?

Chronicle of unsuccessful negotiations

Philippe Méhaut

At the beginning of 2001, French trade unions and employers' associations began negotiations on continuing vocational training. These negotiations, launched by the main employers' association (Medef: le mouvement des entreprises de France), were part of a wider project to reorganise labour relations with the clear motivation from the employer's site to change the overall framework of industrial relations. Other issues had been discussed over the previous two years, including the reform of unemployment benefits and the reorganisation of different levels of negotiations. After a bargaining round of ten months on vocational training issues, negotiations broke down. Nevertheless, a consensus raised on many of the bargained issues, which are now examined by the government as well as by all parties involved, as they address the need to reform vocational training policies.

This article aims at outlining the main issues of these negotiations (section 2) and, by closely looking at the reasons why they broke down, at showing how these issues involve actually fundamental changes in labour and employment relations (section 3). The first section presents briefly some basic characteristics of the French vocational training system and those aspects that need to be reformed. This article is based, on the one hand, on data concerning vocational training, and on the other hand, on the particular role the author plays as a special observer, engaged by both trade unions and the main employers' association to produce a report focussing on the current situation and future issues of vocational training issues as basis for the negotiations (Lichtenberger and Méhaut 2001).

1 Strengths and weaknesses of the French vocational training system

1.1 The foundations

First, let us take a brief look at the founding principles of the French system of vocational training that trade unions and employers' associations wish to reform. This

system, with no general equivalent in Europe, is founded upon a multi-sector agreement signed in 1970 (i.e. post May 1968), the principles of which were integrated in the Organisation of Vocational Education Act of 1971. Main stone of the system is the company's obligation to devote a fraction of its total wage bill to employee training: 0.8 then 0.9% of the company's total wage bill must be invested in employees' training schemes chosen and implemented by the employer. 0.1 to 0.7% must be allocated to various compulsory training requirements by means of compulsory contributions to governmental funds or collective funds (personal training leave, work based learning programs for young people…).

Furthermore, the French system of vocational training is based on the concept of a training plan, initiated by the company and discussed with the works council (recommendations made by works council have no binding effect). Binding content of the training plan are anticipative training operations for the forthcoming year. These operations have to take place during the working hours as part of the employer's duty under the employment law to provide training schemes to adapt the work force to economical and technical changes. For small and medium firms joint funds can be created to gather all or part of employers' contributions, with the purpose to either reimburse the company for its expenses or to organise collective training schemes. Finally and additionally to the above described system mostly based on the initiative of employers, personal training leaves give employees the possibility to take vocational training courses based on their own initiative.

With the agreement signed in 1970 and the following Organisation of Vocational Education Act of 1971, deep changes occurred in the French landscape of vocational education: a better access to training for employees, direct and indirect involvement of companies in managing the system, rehabilitation of vocational education compared to the predominance of initial education, and the development of a dense network of service and information providers of vocational training programs. The legal provisions witnessed radical changes of the French system and took place in an unique historical context: low vocational training level of the working population, slower development of the French vocational training system compared to other European countries' systems of vocational education (especially compared to West German one), with little involvement of companies, trade unions or employers' organisations. Taylorism was expanding, as was the primacy of large corporations, the "job for life" model and vertical promotion policies (Gehin and Méhaut 1993). Issued in a phase of economical growth, this new system has survived the various economic and social crises of the last 30 years.

1.2 Role of social partners.

In this system, social partners (trade unions and employers' associations) play a key role at three levels. On the national level, social partners set a general framework via

multi-sector agreements, which between 1970 and 1991 have modified and amended the original framework without altering its overall spirit.

On an industry-wide level, social partners can adapt this general framework by introducing more favourable measures for employees and by organising joint funds. Some particularly dynamic industries have developed specific training organisations (for example the construction sector or the textile and metalworking industries). At company level, the works council (in companies with more than 50 employees) has to be regularly informed and consulted (recommendations) on the elaboration of the training plan proposed by the employer.

In practice, and despite all these measures, a relatively little involvement of workers' representatives is witnessed. On a national or industry-wide level, it is difficult to closely steer policies since meetings are held on an irregular basis and joint monitoring measures are too weak. Joint funds are often dominated by a technical team as part of a managing body controlled by employers. In companies, where trade unions are traditionally rather weak, difficulties raise, if vocational training issues are to be linked to job organisation and work content. Main topics of training policies are often costs related issues or matters of formal equality between employees' categories.

1.3 A quantitative and qualitative assessment

Despite these constraints, the outcome of thirty years of vocational education is valuable, especially bearing in mind the starting point. At the end of the 1960s, unlike in West Germany, the involvement of trade unions and employers' associations in training issues was weak, and was actually decreasing at that time: with the ending of the *écoles d'entreprises* (company apprentice schools), the responsibility for vocational education has been transferred to the public sector; vocational training has become an issue for schools; apprenticeship was decreasing; finally there was little development of vocational education in a world of large industrial corporations pursuing Taylorism and dominated by internal promotion systems based on seniority. This trend was reversed by the 1971 legislation in giving firms incentives to re-gain more responsibility in vocational training issues (Merle and Licthtenberger 2001).

As a result the involvement of firms increased in the field of vocational training, yet with great disparity according to company size or employee's socio-professional categories.

Training expenditure according to the size of the firms (74-98)

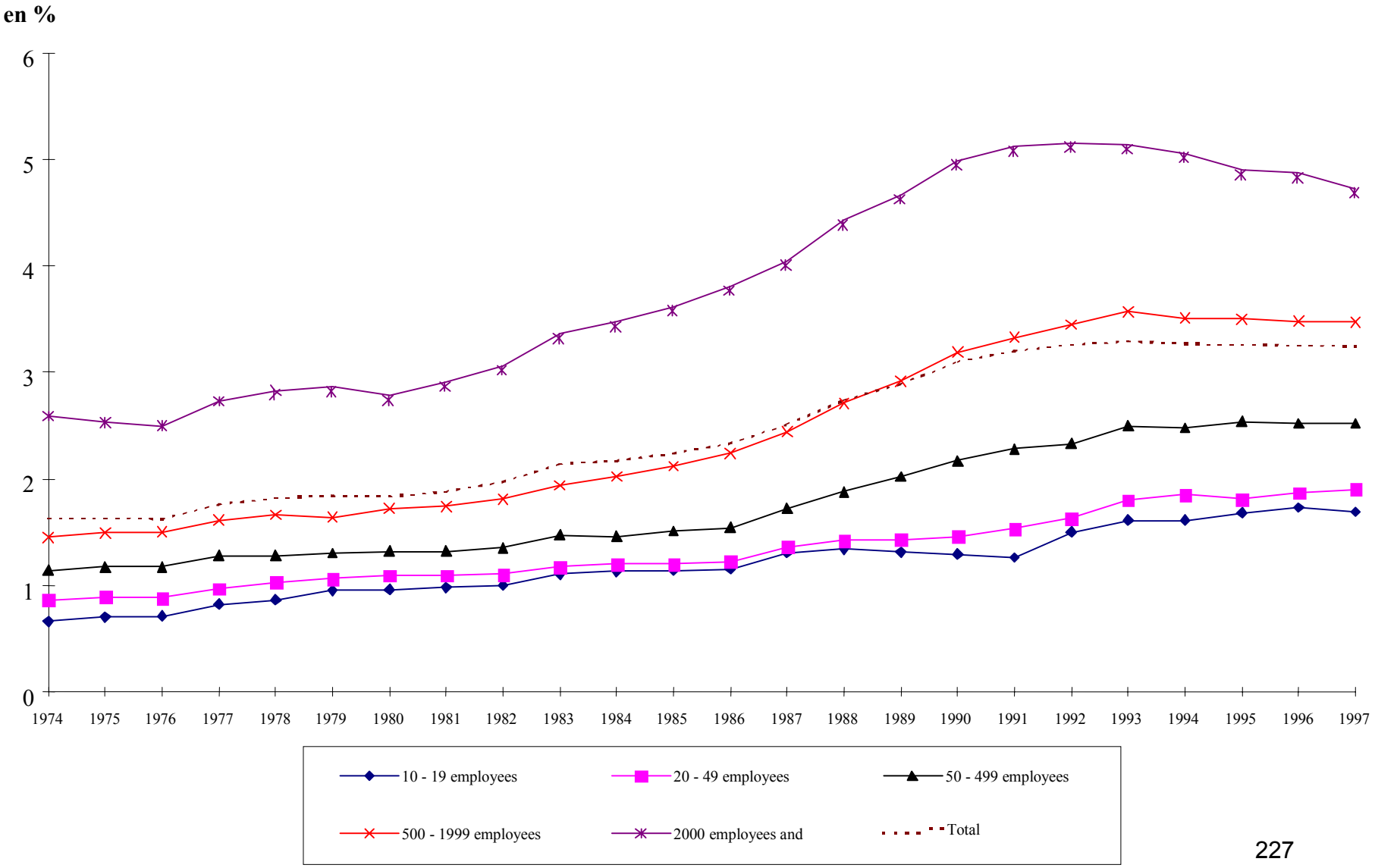

Table 1 per cent of Trainees in 1998 by size of firms and qualification

	Unskilled Blue collars	Skilled Blue collars	White Collars	Technician and Foreman	Engineer and Managerial staff	Total
from 10 to 19 employees	2,7	4,6	8,5	16,6	17,4	8,6
from 20 to 49 employees	5,6	10,3	14,4	26,1	24,1	14,8
From 50 to 499 employees	14,1	25,2	29,7	46,1	50,0	32,1
from 500 to 1999 employees	20,5	38,9	48,5	63,6	65,9	49,4
2 000 employees and >	29,1	47,5	51,4	71,4	67,7	55,0
Total	17,3	29,4	34,2	56,2	52,9	37,7

During this period of time, companies developed the faculty to organise and run training schemes: jobs like training manager were created, training departments were set up and progressively integrated into human resources departments (Méhaut 1991). Joint funds collected and redistributed an increasing share of contributions, in particular from small companies. In some industries, they play an active role by the elaboration of an industry-wide policy of vocational education. The legal obligation for companies to finance part of vocational training schemes for employees led to the development of a dense network of vocational training actors, and rapidly to the creation of a quasi market. Progressively private suppliers began to take the greatest share of this new market (Personaz and Méhaut 1999). European surveys indicate that France has a leading position in terms of vocational training supported by companies (Aventur and Mobus 1999). Thanks to the 1971 Act, companies have thus been able to better understand training issues whilst overcoming the risk of "market failure" (Finegold, and Soskice 1988).

1.4 Major issues for the decade to come

However, the 1971 system reached its limits. It is obvious that the actual system has to be deeply reformed to better challenge forthcoming evolutions.

Some of the main criticisms and new issues to be addressed could be as followed listed:

- There is a high concentration of short term schemes (less than 5 days), stressing on the "adaptation of employees to the job", focussing on IT, secretarial and office

automation skills, hygiene and safety, communications, human resources etc. There are very few policies that significantly integrate technological/organisational processes as well as skills dynamics, in order to ensure reactivity, innovation and structured progress of employees' qualifications. Very few training schemes lead to transferable validation. The entire integration of vocational training into the policy model of the "three dimensions of human resources management" (employment, work, mobility and wages) remains rare, although it is probably crowing.

- The relatively low rate of individual access to vocational education compared to other countries. Throughout the 50s and 60s, social promotion bound to permanent education was a tradition in France, mainly through a free, public supply of evening classes (Dubar and Gadéa 1999). This has declined as a result of the 1970 agreements and 1971 Act, but also because of changes in lifestyle and the decrease of profitability of such individual schemes (Beret 1997). The 70/71 system is based on the principle of separation of vocational training into two areas. On one hand, the employer, through vocational training plans implemented during working hours, chooses the type of training directly related to the company's training needs and the company' strategies. On the other hand, individual vocational training wishes remain personal options to be realised under personal training leave. Furthermore, the 70/71 system stresses the withdrawal of the state from the concept of "the second chance", with little free, public vocational training offers and no mechanisms to compensate unequal public investments in different types of individual's initial education programs.
- Unequal access for professional categories and age groups. For employees in the private sector, the rate of annual access to training (at least one training course per year) is of 31%, lower than in the public sector but much higher than by self-employed or unemployed. Gender distribution is basically equal (a 2-points difference between men and woman), but the less qualified women and part-time female workers (numbers rising rapidly) have a proportionately lower rate of access to training. A sharp drop in access rates for the over 50s witnesses another discrimination, that worsen existing demographic forecasts. But the disparity in age groups is clearly to see among the least qualified (or those with less diplomas). For age groups over 25 the likelihood to access to vocational education is the lowest of all. Access rates also vary significantly according to job status, ranging from 45% for civil servants to 34% for those on permanent contracts in the private sector, 27% for temporary workers and employers, 25% for those on fixed term contracts and 18% for the self-employed. Access to vocational training is tidily bound to the seniority within a given company, and yet it would seem that most flexible workers on the external job market need the most vocational training.

Table 2 Access to the training, according to the age, the gender, the status

	Civil servants and other public employers						Private employers					
	Men		Women		Total		Men		Women		Total	
Age	Trainees	% of Trainees	Trainees	% of Trainees	Trainees	% of Trainees	Trainees	% of Trainees	Trainees	% of Trainees	Trainees	% of Trainees
15 to 24 years	43 210	ns	39 219	39	82 429	42	142 675	33	109 956	34	252 631	33
25 to 39 years	554 894	50	577 334	45	1 132 228	48	1 317 642	36	869 668	33	2 187 310	35
40 to 49 years	461 905	45	577 751	50	1 039 656	48	672 157	32	495 047	31	1 167 204	32
50 years and more	278 975	36	365 618	41	644 593	39	393 685	24	281 067	23	674 752	24
Total	1 338 984	45	1 559 922	45	2 898 906	45	2 526 159	32	1 755 738	30	4 281 897	31

	Self employment						Unemployed					
	Men		Women		Total		Men		Women		Total	
Age	Trainees	% of Trainees	Trainees	% of Trainees	Trainees	% of Trainees	Trainees	% of Trainees	Trainees	% of Trainees	Trainees	% of Trainees
15 to 24 years	2 349	ns	1 005	ns	3 354	ns	66 527	33	60 766	32	127 293	32
25 to 39 years	78 840	17	62 127	27	140 967	20	176 257	28	210 251	26	386 508	26
40 to 49 years	125 283	20	67 773	24	193 056	21	51 531	18	92 527	26	144 058	22
50 years and more	92 084	14	57 420	17	149 504	15	36 202	10	39 662	10	75 864	10
Total	298 556	17	188 325	22	486 881	19	330 517	22	403 206	23	733 723	23

- Statistics indicate that vocational education is difficult to implement in very small companies. Since joint funds of small firms are not so flexible than those of larger companies, they benefit only from internal distribution among small companies. Employee access to training is light above 10%, and varies greatly depending on whether the company is independent or belongs to a franchise network (Bentabet, Michun and Trouvé 1999). Given that these very small companies have only recently entered the compulsory system, this is a considerable result but, it does not resolve training and qualification problems encountered by such companies, where recruitment is often difficult. Furthermore, small companies employ an increasing share of the workforce.

The major issues to be resolved can thus be summarised as follows. Some must be addressed by trade unions and employers' associations, others by the government and some by all three together:

- How can lifelong learning be resituated as a mean of adapting and developing skills and qualifications to ensure vocational autonomy, company innovation and reactivity?
- How can a legal obligation create incentives to develop practices that are likely to encourage individuals to be proactive in their own career development?
- How can vocational education become a tool to reinforce careers inside and between firms? This objective implies avoiding breaches caused by career changes (for example, the relationship between training for employed people and training for job-seekers?) and ensuring that the scope of qualifications is sufficiently large with an uninterrupted "value" in different areas.
- Within the system, what should be initiated and financed (funds) by the company and what should be initiated and finance by the workforce?
- How can we find, with the support of the government, better ways to compensate unequal access, in particularly for those who benefit the least from initial public education?

2 The bargaining round

At the beginning of 2001, negotiations were launched on vocational education, including training and access to employment for young people.

2.1 Vocational education within the overall context of "reorganising labour relations" (refondation salariale)

These negotiations were launched at the employers' initiative as part of a much broader project in order to "reorganise French labour relations". Facing a leftwing government in a context of a quasi-state intervention, the main employers' association will regain control on labour related issues. By launching various bargaining rounds on issues such as the unemployment insurance, health at the work place, the hierarchy of norms and vocational education, the ambition of the main employers' association was to modify the framework of the French labour relations system and to transfer more bargaining power to trade unions and employers' associations (by means of "minority" agreements i.e. signed by only a fraction of workers' representatives), to define new negotiation practices (reinforcing company's agreements compared to industry-wide agreements), whilst advocating a more liberal approach to the job market.

From the beginning, negotiations on vocational education were bound to this general framework, and began after a major conflict in unemployment insurance issues. The main employer's association and certain trade unions had agreed to reform unemployment benefits, so that for example unemployment benefits could only be drawn. if job seekers sign an agreement to actively seek employment. The trade unions CGT and FO were opposed to this agreement that led to a conflict with the government over its application. But the negotiations also followed the legislation on the 35-hour working week, which necessarily involved the determination of effective working time. Conflict emerged on issues such as the inclusion of exclusion of training periods from the working time, certain sectors seeking to exclude this as much as possible from the effective working time.

2.2 Social partners by the negotiations

Three employers' associations attended the bargaining round: Medef, the main employers' association, CGPME representing small and medium enterprises, and UPA representing craft sectors. Medef was the leader and prepared most of the employers' proposals. Within Medef, certain industries including the metalworking industry were reluctant to see any changes of positions already acquired. As negotiations began, the small and medium enterprises' association carried out a survey of small employers to argue that changes should be kept to a strict minimum.

On the unions' side, the usual configuration of the 5 majors trade unions was characterized. Their common purpose is to change the actual vocational training system, but each trade union with its particular own objectives, still bearing in mind the existing conflict in unemployment insurance issues. However, it should be noted that, in the past, negotiations on vocational training issues had always been relatively consensual: agreements were frequently signed by all social partners, at times jointly

against the government's position. Two years prior to the actual negotiations on vocational training, an informal group of trade unions and employers' associations (at the initiative of the main employer's association) worked on the question of a skills-based approach. Working sessions were held, looking at foreign systems of vocational training in a comparative approach. Progressively, the group developed a joint language and a mutual approach to discuss, that partly explain, on the one hand a joint position between trade unions and, on the other hand, a relative solid dialogue with employers' associations. Finally negotiations were based on an expert report, ordered by both trade unions and employers' associations, that summarises the present situation and raises some central issues without necessarily setting the agenda. The report is completed by reviews on specific issues, that have been addressed during bargaining rounds.

From one session to the next, the initial draft agreement proposed by the main employers' associations was significantly modified, leading ultimately to a document upon which all social partners agreed. Despite the fact that negotiations broke down at the last minute, for reasons to be discussed below, the following paragraphs are based on the draft agreement.

2.3 General principles of "career development"

Despite the title "draft agreement on vocational training", this document in fact contains a set of proposals going beyond vocational training issues and it aims at reforming the existing approach of vocational education. It covers more issues related to career development and workers' mobility, than strictly matters on vocational education. The themes covered can be grouped into four chapters:

2.3.1 Vocational training as a mean for career development

Bearing in mind changes in work organisation and workers' mobility, the draft agreement emphasises the necessity for workers to carry out career developments within and outside a firm. In this respect, its first article stresses the importance of a career plan. This career plan, that may be negotiated with the employer, must be completed by a skills assessment and by career guidance.

It may also involve the validation of acquired vocational skills and professional experiences. In this field and parallel to the elaboration of legal provisions to develop this possibility, trade unions and employers' associations called for the creation of a multi-sector system of validation of acquired vocational skills. This new system will ensure that qualifications are both transversal and portable, i.e. on the one hand, that qualifications are accepted by others professional sectors and, on the other hand, that this recognition encourages workers' mobility between firms and industrial sector.

Vocational training should be seen as a tool to concretise a career plan. Whilst a rather restrictive interpretation of vocational training prevailed in the 1971 legislation (mainly in form of training courses with a formal and regulated transmission of knowledge), a much wider concept is proposed, getting from vocational training measures at the workplace to different forms of self-training incentives, with or without the use of new information and communication technologies.

2.3.2 Steps towards the modification of structural inequality

Various measures contain incentives to reduce unequal access to vocational education. On this point, however, the draft agreement remains superficial, and somehow contradictory, in any case, too weak according to trade unions' positions.

For small companies (less than 10 employees), the draft agreement would have tripled their compulsory training contributions (from 0.15 to 0.45% of the total wage bill), reproducing the model of the 1971 legislation. This measure witnesses the will to develop vocational training in small companies, where an increasing number of employees are concentrated. Nevertheless, it remains far beyond existing practices in large companies. Above all, the question is to determinate, if compulsory provisions are the appropriate means to regulate vocational training in small companies, where training is often dispensed for other motives? The draft agreement also focuses on targeted groups of workers, such as workers on fixed term contracts and their access to vocational training. Furthermore, it encourages industry sectors to make a particular effort towards priority groups (in particular the less qualified) during negotiations. Lastly, it requests more financial supports from the state to contribute to vocational training accounts for employees, who have had little access to initial education.

2.3.3 Creating new opportunities for the individual

Furthermore the above measures create incentives to develop individual training initiatives and to create a third way to gain access to vocational education. This proposition would be half way between training plans (at the employer's initiative to adapt workers to the job) and personal training leaves (at the initiative of individual, mostly for long-term training courses and relatively rarely used: approximately 20 000 personal training leaves are taken each year in France). Inspired by the education accounts already developed in some Scandinavian firms, the draft agreement develops the concept of a concerted development plan. The establishment of training accounts could be reached in firms through collective agreement. Each employee would "pay in" to an individual training account (managed in cash by the company), for example by transferring overtime, or working hours resulting from the recent legal reduction of the working week from 38,5 down to 35 hours, or by transferring a part of future pay increases or leave entitlements. Each training account holder could then

negotiate a training project (for career development) with the employer. When an agreement is reached, the employer would contribute to the training account by paying-in the same amount as the employee did. These sums would then cover all or part of the employee's wage during the training period. The employer would also pay for the direct costs of training measures. The draft agreement provides that, once the training period, duly negotiated with the employer, is completed, the employee is entitled to obtain the recognition of the new qualifications acquired.

Table 3 The Three Tracks To Vocational Training

	Firm Training Plan	Concerted Development plan (and Training Account)	Individual Training Leave
Who Decide ?	Employer alone	Negotiated between the employer and the individual	The Individual
Social Partners	Advice of the Firm works council	Framework, with industry and firm collective agreement	Bipartite Fund
Training Time	financed by the employer During working time	Out of the normal working time	Training leave, with or without payment.
Funded by	The firm	Share between the firm and the individual (minimum 50 %) Personal training account, feed up by time spare (35h)	The bipartite fund, Firm's compulsory contribution
Goals	Adaptation to the work place	Vocational Evolution	Id and Personal development

This was a radically new approach linking a collective agreement for the creation of training accounts to a bilateral commitment between employees and employer. It combined an individual effort/contribution with a financial support from employers, characterising a joint investment in vocational training matters. Part of the bargaining issues between trade unions and employers' associations concerned the level of mutual commitment. At the end of the last session of negotiations, an agreement was reached toward an equal commitment of both employee and employer, the employer's contribution being *ex post*, since his contribution should occur once the training plan had actually been completed.

Another part of the bargaining issues dealt with the ability to transfer this account, if the employee leaves the company. The draft agreement mentions that the amount "paid in" by the employee could be transferred, either by moving it to the new company or by depositing it in a joint fund. However, the employer's share is, per definition, not transferable. In addition, the new employer may not necessarily be interested in signing an agreement on a career development plan.

The described system of individual training accounts assumes that each employee is able and willing to open training accounts. Generally, such systems are known to be quite successful by executives, by high-qualified people and by best-paid jobs, but they often prove to have an unequal success for the less qualified and lowest paid jobs. By entitling the workforce without distinction to such a new system, existing disparities were sure to be exacerbated. To re-equilibrate the unequal access to initial education, social partners request the intervention of the state in form of a contribution. For example, one year of higher education costs approximately 5 800 € (40 000 F). It could be argud that any person who did not have access to higher education during his/her initial education should in theory be entitled to an equivalent financial support (one year of higher education), to be paid into his/her vocational training account. The employee concerned will receive this amount, if he decides to enter into a training scheme.

All of these measures, raising most debates during the negotiations, represented a radical change from the 1971 legislation by placing the individual at the heart of the system.

2.3.4 Reviving various joint systems

In addition to the development of the concept of individualisation in vocational training issues, various other measures were aimed at reviving joint systems at different levels:

- The set up of a multi-sector follow-up of vocational training issues, with a 5-yearly evaluation scheme.
- The different industries were requested to start negotiations on vocational training issues and to cooperate with joint committees, which, at this level, study trends in job development, make forecasts on specific professions and create joint certification procedures.
- The promotion of regional bargaining rounds, a very important level, in the present context, to expand collective training actions and qualification programmes, in particular for small and medium enterprises.

3 An ambitious project that has so far not be implemented

3.1 Break down of negotiations and what may happen next

At the time of the writing of this paper, negotiations have been suspended *sine die* with a clear divergence between the social partners. The main employers' association has announced its willingness to resume negotiations at the earliest after

the forthcoming French national elections. The five trade unions have just released a joint statement (a very unusual event in the French trade union scene) calling for negotiations to be resumed, emphasising the importance of reducing inequalities and stating that multi-sector negotiations should take precedent. The statement also stresses the need for public intervention, in particular to revise legislation on co-investment in vocational training matters.

In deed the trade unions' joint statement summarises the last stage of the negotiations, although all trade unions were ready to sign in exchange for a few last concessions. In fact, negotiations broke down because of internal dispute amongst the employers' associations (noticeable at the start of the bargaining rounds) and was mainly between the main employers' association (Medef) and, on the one hand, the representatives of small companies, and, on the other hand, the representatives of the metalworking industry. Employers of small firms, who had accepted to increase their compulsory contributions, were consequently rather hostile to additional costs linked to the development of individual training rights. They were also concerned about the transferability of vocational training accounts. Furthermore the metalworking industry, and some other industries, that two years ago had negotiated very strict agreements on the repartition of training time and working time as part of the application of the 35-hour working week legislation, did not want to challenge these collective agreements. Therefore they refused the multi-sector agreement as a binding agreement for all industries, leading ultimately to the breakdown of negotiations.

However, despite these difficulties, we can see how these abortive efforts would have affected some of the fundamental aspects of French industrial relations system, far away from the initial issues, i.e. the reform of vocational education.

3.2 The outlines of a new social right

The idea of an individual, transferable right to vocational training based on a bilateral agreement with the employer is similar to a social "drawing right" (droit de triage social), partially disconnected from the relationship between the employee and his/her present employer. It prefigures the concept of social "drawing rights" linked to job status but going beyond a simple relationship of subordination to a given employer. Furthermore, the intervention of the state in form of financial supports would imply a shift from abstract, universal "republican" rights (the right of education) to individual rights, that can be differently implemented according to how each individual decides to make use of it. This is an innovative approach of the notion of social rights, which could draw in much broader changes for the French industrial relations system and for the various social rights related to it, as mentioned in a report coordinated by Supiot (1999) for example, or for the concept of transitional labour markets.

3.3 Levels and areas of industrial relations

Given the structure of French industrial relations system, the proposed modifications concerning the levels of negotiations and the implementation of a right to vocational training are also innovative. On the one hand, the more or less constraining character of the multi-sector level was a crucial issue in comparison to the industry level that is the traditional level of negotiations within the French industrial relations system. Also, and according to the main employers' association, the company level should become an important level of negotiations, stressing the clear perspective to reverse the hierarchy of norms. In fact, and this is a new development in the trade unions' positions, the trade unions' representatives were not opposed to the reinforcement of the company level, as long as the multi-sector framework remain a compulsory and strict framework. A new space of negotiations could have been therefore developed at a traditionally weak level of negotiation in the French industrial relations system.

This first challenge for the trade unions was closely followed by a second one: how to ensure the respect of collective issues during negotiations at company level, especially in individual cases as part of negotiations between employees and employer? Concrete discussions on topics such as vocational training measures and individual career development mean necessarily looking at work organisation as a whole, a traditionally weak field of negotiation in France. Far from stating how successful such a draft agreement could have been implemented, it is clear that these bargaining rounds raised difficult issues and that an agreement would have brought deep changes in trade union practices and, more broadly, in the industrial relations system as a whole.

3.4 The relationship with the state

Concerning the relationship with the state, a rather similar situation occurs. Practices since 1970 in the field of vocational training can be illustrated by the "Russian doll" model: The state takes agreements reached between trade unions and employers' associations as models for legal provisions. In some cases agreements can be modified, but mostly no determinant changes are taken. The legislative intervention gave collective agreements a binding effect. If an agreement is not satisfying, the state takes unilateral initiatives. The present draft agreement did contain part of the Russian doll concept, but more fundamentally, trade unions and employers' associations tried to identify fields of intervention that could be shared between the social partners and the state. For example, in the field developed with the individual career plan and the state's contribution to training accounts, or by the use of training accounts for adult career development and guidance. These would have been the roots of a "shared" tripartite management of vocational education based on a different relationship between the actors involved and based on different bargaining practices: for example, parallel negotiations between social partners, and between them and public authorities.

Conclusion

Although negotiations formally did not succeed, relevant improvements have been made, at least in terms of a conceptual evolution on some key vocational training issues, and will characterise the basement for future negotiations and future state initiatives: readjustment of rights and obligations between the individual and the company, vocational training as a tool for career development, and the need to look at it not just at company level but also at labour market level. Indeed, the real challenges to reform vocational education are to be found in the nature of the labour market as well as in the extension of the initial framework of the work relationship in firms.

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Transitional labour markets in action: new developments in the Dutch vocational education and training market

Harm van Lieshout and Ton Wilthagen

1 Introduction

This paper is based upon a number of case studies of recent developments in Dutch vocational education and training (VET) markets (Van Lieshout & Van Liempt in print). As this empirical material is highly relevant from a transitional labour market (TLM) perspective (Schmid 2000), the paper will analyse them as such. The first section will briefly introduce the transitional labour market perspective, and link it with the emerging flexicurity paradigm in Dutch labour market policy-making (Wilthagen 1998). It will then introduce the various cases, and point out their particular relevancy from this perspective (section 2.) Section 3 presents some main characteristics of Dutch vocational education and training in general, and the role of the social partners in its governance in particular in order to provide a necessary background for the specific case studies. Sections 4-6 then present the main empirical findings on the aforementioned new developments. These are: temporary employment agencies increasing their training efforts under a new governance regime (4), the combination of apprenticeship and work placements for the unemployed (5), and the institutionalisation of VET in a new sector, namely the information and communication technology (ICT) sector (6). Section 7 will, by way of conclusion, reflect on these empirical findings from a TLM perspective

2 'Flexicurity' in the Dutch labour and training market

2.1 The emergence of a flexicurity paradigm in Dutch labour market policy

National and international commentators have judged the Dutch socio-economic performance quite favourably over the past years. One particular aspect of the Dutch 'miracle' (cf. Visser & Hemerijck 1997) that concerns us here is the flexibilisation that has occurred in the Dutch labour market. Increased labour market flexibility is a policy guideline that many observers (such as the OECD) prescribe in order to combat persistent labour market problems, in particular high levels of unemployment. The recent employment growth (and unemployment decline) in the Netherlands has coincided with a substantial growth of temporary work, which might be interpreted as some support for this hypothesis. Employment through temporary employment

agencies grew from 77.000 full-time equivalents (fte's) or 112.000 actual jobs in 1988 to 147.000 fte's or 248.000 jobs in 1997: a growth rate of more than 90% in fte's in ten years.[128] In 1997, approximately 2.5% of the national workforce consisted of workers employed through temporary employment agencies. While the German population, for example, is roughly 5.5 times as large as the Dutch, the Dutch market for temp work is 4 times as large (Wansink 1997).

It is, however, not just the flexibilisation of the Dutch labour market itself that attracts international attention, but the fact that this flexibilisation has *not* caused a sharp increase in social inequality, which by international standards still appears quite low in the Netherlands. Recently, a new term has been introduced to capture this nature of the Dutch reforms, as it refers to both (and not just one) side(s) of the coin: flexicurity, a compound of flexibility and security (cf. Wilthagen 1998). While the term flexicurity incorporates the need for flexibilisation, it differs from the neo-liberal call for flexibilisation in that it simultaneously underlines the importance of (re-)regulation for an adequate operation of the labour market, by providing both workers and firms with the basic security they need. The concept does not oppose (labour market) regulation as such, but points at the existence of mismatches between traditional rules and modern labour markets. Rules, that may once upon a time have been necessary instruments for the emancipation of workers (and particular weaker groups among them), may sometimes today unintentionally reinforce the exclusion of the 'have-nots' into the secondary segment of (or even outside) the labour market.

The concept of flexicurity has not just cropped in theoretical discussions; it has already led to important shifts in Dutch labour market regulation and collective bargaining. The most prominent example is the new 'Flexibility and Security' Act. It re-regulates temp agency work from a flexicurity perspective. On the one hand, it entails a further flexibilisation as it has abolished the previous permit requirement for temporary employment agencies. On the other hand and more importantly, however, it offers enhanced security for temp workers, gradually increasing with their tenure as a temp worker. We will discuss the specifics of this Act and the new Dutch collective labour agreement regulating Dutch temp work in section 4.

2.2 A transitional labour market perspective on Dutch flexicurity

The recent emergence of this flexicurity paradigm in Dutch labour market policy is particularly interesting from a TLM perspective. The TLM perspective argues that the borders between the labour market and other social systems have to become and are indeed becoming more open for transitory states between paid work and gainful non-market activities which enhance and preserve future employability (Schmid 2000: 223-224). It is based on three principles (Schmid 2000: 227-228):

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[128] All figures on temporary employment in the Netherlands here stem from (the website of) the Dutch Central Bureau for Statistics (CBS; www.cbs.nl). Some of them were collected by our colleague Drs. Marianne Grünell, who kindly shared them with us.

1. Labour markets are always exposed to shocks to which workers or employees have to adjust; chaotic unemployment increasingly becomes a fact of life for everybody;
2. Labour markets are social institutions, whose adjustment through wage flexibility is limited as status and human dignity forbid wages below a certain level; therefore, they require effective *and* socially legitimate institutions of adjustment;
3. Enforced or unplanned idleness of labour could be used positively, but newly constructed buffers are required; transitional labour markets are the solution in providing functional equivalents to the 'hinterland' of the traditional subsistence economy or social security through the family network.

In sum, TLMs can be regarded as institutional responses to critical events in labour market. Critical transitions can be said to occur when events results in a change in assumptions about oneself and the world, and thus require a corresponding change in one's behaviour and relationships. Events that change important elements of social networks (such as actual or potential job losses) are especially critical. They are like exits through doors that are close behind the back whereas opening doors in front are still uncertain. Thus, the danger is that they kick off processes of social exclusion (Schmid 2000: 228). Active labour market policies can help to cope with these situations in providing the supportive institutional environment. Five types of transitional employment can be distinguished: (1) transitions between short-time work and full-time employment, or transitions between dependent work and self-employment or a combination of both; (2) transitions between unemployment and employment; (3) transitions between education or training and employment; (4) transitions between productive (but unpaid) private work and (paid) market work; and (5) transitions from employment to retirement (5).

Both the flexicurity and the TLM perspective have in common that they, while acknowledging the need for flexibility in modern labour markets[129], simultaneously emphasise the need for security –for both workers and firms. As Schmid (2000: 233) put it: "the more dynamism is required or desired, the higher the level of transitional unemployment and the greater the need to build bridges –which means transitional employment- leading back into the regular labour market. The more workers can put their trust in such arrangement, the more they will accept uncertainties." This is not the place for us to compare the flexicurity and TLM perspectives in detail, as the emphasis in this paper is on empirical policy analysis[130]. For the purposes of this paper, we will stick to TLM theory as a theoretical perspective. As the postulated principle of 'entitlements to transitional employment' has to be legitimised against the

[129] Both also share the characteristic that they see more than just economic reasons (i.e, temporary caring responsibilities at home for workers) that warrant a certain level of flexibility. In this respect, even their respect for the need for flexibility differs from that of neoliberal pleas for the same.

[130] Wilthagen (1998) has first explored the emerging Dutch flexicurity paradigm from a transitional labour market perspective, and we are planning future work to expand his analysis.

radical *laissez-faire* philosophy (Schmid 2000: 245), the empirical fact of the recent emergence of a flexicurity paradigm in Dutch labour market policy is an interesting fact in itself for TLM theory. Our relatively modest goal in this paper, however, is to explore some specific new Dutch arrangements and policies, and if and how they fit within the TLM perspective.

2.3 A transitional labour market perspective on three Dutch cases

We will briefly discuss the relevancy of our cases from a TLM perspective here, and explore this perspective further in section 7. The three cases are very different from one another: temporary employment agencies and training in the Netherlands (section 4); the combination of apprenticeship and work placements for the unemployed (section 5); and institutionalising VET in a new sector: the case of the information and communication technology sector (section 6).

The temp work case (section 4) is the first illustration of the operation and effect of a widely acclaimed national act that has explicitly adopted the flexicurity perspective.[131] It is highly relevant from a TLM perspective because Dutch temp agency work is increasingly relevant for at least two (of the five) transitions highlighted in TLM theory: the transition between unemployment and employment, and the transition between education or training and employment.[132] In 1997, half of the temp workers were younger than 25; and 29% had been unemployed previously to their current temp job. 34% of all temp workers had found a permanent job within a year; and 41% of this group (14% of all temp workers) had found one with the firm they had been working for through the temporary employment agency (Van der Ende et al. 1999). In all, in 1997 an estimated 100.000 temp workers found a permanent job with the client firm they had been temporarily employed at (Arents et al. 1998). This corresponds to almost 20% of all persons that found a permanent job that year. Interestingly, temp workers that were older, previously long-term unemployed, or physically challenged, had the same chances of finding a permanent job as other groups (Van der Ende et al. 1999). In addition, some of the specific developments discussed (in particular the 'PasKlaar' initiative) within this case explicitly concern temporary employment agencies actively aiming to improve both aforementioned transitions. The temp work cases clearly illustrates the potentials of 'new' actors, which could be labelled transition agencies (Wilthagen & Rogowski 2001), in the labour market.

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131 The other two cases date back to earlier days, and the related policy documents have so far not hosted the flexicurity concept. They can, however, be analysed from this same perspective (cf. Van Lieshout & Van Liempt in print).

132 In addition, it plays a role in the transition from one job to another, a transition that we feel should be more prominently included in transitional labour market theory, not just if it concerns a variation in working time or a transition involving self-employment (cf. Wilthagen 2001).

The combination of apprenticeship and work placements for the unemployed (section 5) is important because it explicitly aims to use an institutional arrangement (apprenticeship), proven to be effective in easing the transition between education and employment, for simultaneously easing *another* transition –between unemployment and employment. This is particularly relevant as the high costs of extensive (not just job- or skill-specific) training of the unemployed is expensive enough (because of the necessary income support) to still limit the numbers of unemployed trained, even decades after the OECD started to declare the institutionalisation of life-long learning vital for future economies; and as many training projects for the unemployed are not as effective and efficient as one would aspire. The *auctor intellectualis* of TLM theory has praised apprenticeship for the 'flexible coordination' it provides (Schmid 1992), and suggested it as a possible way to implement transitions between work and education or training for adults on a larger scale (Schmid 2000: 236). In a European review study, (Gelderblom et al. 1997) find confirmation for the hypothesis that apprenticeship plays a role in enhancing employability and job creation, and that unemployment is low under former apprenticeship graduates, even when compared with graduates from comparable other tracks. Specific evaluations of apprenticeship schemes for unemployed also point to positive – though not large – effects. Gelderblom & De Koning (2001) see the expansion of dual (apprenticeship-type) training as a promising avenue to facilitate employment and training in a transitional labour market. This case, where it is applied as a TLM arrangement to ease the transition from unemployment to employment for adults, is therefore intriguing.

The relevancy of our final case, institutionalising VET in a new sector: the information and communication technology sector (section 6), should primarily be sought at a somewhat different level of analysis. To be sure, its relevancy can also be argued at the same level as the other two cases, as it bears directly on the institutionalisation of the transition between education or training and employment. In addition, it takes up a more particular issue in VET discussions: the responsiveness of VET systems to changes in labour market demand. While countries such as the Netherlands and Germany have fairly good VET systems to rely on in traditional economic sectors such as construction, metalworking, and banking, there is a legitimate concern about the extent to which they are able to timely develop similar institutions for a new, rapidly emerging sector such as the ICT sector. This way, the issue of responsiveness is, in our opinion, also highly relevant from a general TLM perspective (rather than just for the particular transition from education or training to work). The perspective does not claim to be completely new or to necessitate a complete overhaul of existing institutional arrangements for *completely* new ones (cf. Schmid 2000; Gelderblom & De Koning 2001), and explicitly aims to simultaneously meet demands of rapid economic change with a need for social stability and security. Therefore, the issue of responsiveness of labour market institutions (in the broadest sense) lies at the heart of the perspective. Rather than just exploring particular arrangements in the spirit of the TLM perspective, both the scientific and policy relevance of this perspective will be enhanced if it will be possible to explore the

potential for institutional change in this field, as well as conditions stimulating and limits inhibiting such change.

The next section will portray the general context of the Dutch VET market, and in particular the role of the social partners in its governance, as a necessary background for our subsequent discussion of the individual cases.

3 Some general characteristics of Dutch industrial relations and VET

3.1 Overview: three market segments

As in most countries, the Dutch VET market consists of three largely separate segments: initial VET, incumbent worker training, and training for the unemployed. For the first segment there is a coherent public governance system in place. The second segment still depends mostly on private initiative from citizens and firms, although the government stimulates such initiative though tax cuts, and social partners have created training funds in many sectors. The governance of the third segment has been subject to change to such an extent that in this paper we will simply discard both its historic evolution and the specific governing roles various actors fulfil there today. For this segment, we will focus on one particular labour market reintegration arrangement in its current and previous legal forms. They will be discussed in section 5. On a final introductory note, it is important to realise that the borders between these segments are not watertight. For instance, upper secondary vocational schools have increased their involvement in training for incumbent workers and the unemployed; and one of our cases actually concerns the combination of apprenticeship (generally regarded a component of initial VET) with work placements for the unemployed.

3.2 Initial VET: a WEB of apprenticeship and more school-based tracks

Initial VET in the Netherlands used to consist of two separate subsystems: ‘middelbaar beroepsonderwijs’ (*MBO*) and apprenticeship. MBO offered 2-4 years, primarily school-based tracks, many of which came to include an internship component over time. The apprenticeship system offered primarily work-based training, accompanied by related instruction for 1-2 days at a publicly funded school. Employers’ associations and unions have always been heavily involved in the regulation of apprenticeship within their sector. They operated so-called national bodies for apprenticeship (*landelijke organen voor het leerlingwezen*) that set skill standards for apprenticeship training occupations, counselled training firms and apprentices, developed examinations and awarded diploma’s. In addition, many sectors created extensive training funds by collective bargaining from the eighties

onwards. These often not only sponsor apprenticeship training, but also further training. The state has continuously subsidised the work-based apprenticeship training component since the eighties. First through a subsidy that was allocated through the sector training funds, as of 1994 through a tax cut on training firms' wage bill taxes and associated social insurance premiums, of almost 2.000 Euro per year per apprentice for training firms. In addition, firms can use all training expenses as a tax deduction for the separate company tax (*vennootschapsbelasting*).

Since the eighties, a continuous reform process has evolved to improve and integrate the various vocational (and adult) education systems. It culminated in the new Vocational and Adult Education Act (*Wet Educatie en Beroepsonderwijs* or *WEB*) that has come into force on January 1st, 1996 (cf. Ministry of Education, Culture and Science, 1996; Van Hoof 1998). The Act seeks to improve the operation of the VET market through decentralisation and deregulation - which implies flexibilisation. For instance, it decentralised various responsibilities from the Ministry of Education, Culture and Science to the new regional education centres (*regionale opleidingencentra* or *ROCs*). These offer both related instruction for apprentices, primarily school-based vocational education, and adult education for all economic sectors. The goal of the WEB is to achieve "a self-regulating system in which the various actors in the field of education are in balance with one another" (Ministry of Education, Culture and Science 1996: 5). For vocational education, the WEB distinguishes five types of programmes at four different qualification levels: assistant (level 1), basic skilled worker (2), skilled worker (3) and middle management or specialist (both level 4). 21 sector-specific bodies (*landelijke organen voor het beroepsonderwijs* or *LOBs*), in which employers' assocations, unions and education representatives cooperate, develop skill standards for all the programmes in their sector. Each programme is governed by one set of skill standards, which is referred to as an 'exit qualification'. Jointly, these exit qualifications and skill standards are referred to as the 'national qualification structure'. Each exit qualification can in principle be achieved through one of two pathways: a vocational training pathway (*BOL*; in fact the continuation of previous MBO; primarily school-based, but including an internship component of at least 20%) and an apprenticeship-training pathway (*BBL*; it includes a work-based component of 60% or more). It is up to the LOB, however whether a particular exit qualification is offered in just one, or both pathways; the most recent figure we have is that in practice 45% of all exit qualifications can be achieved through both a vocational training and an apprenticeship pathway (SER 1999).

While most training currently occurring under this national qualification structure still primarily concerns youth and young adults, chances are it will also grow to play a dominant role in the certification of further training; this is at least one of the intentions behind the WEB. A sector-specific qualification structure increases te transparency of the sector labour market, and the fact that the qualifications and their skill standards are developed by the social partners ensures their relevancy and acceptance in the sector. Furthermore, the publicly funded ROCs do not have a

monopoly on providing training leading to these diploma's. Provided they meet certain requirements, private training institutes can also train for such diploma's – without the public funding, though.

3.3 Further training in the Netherlands: private initiative and social partners

We noted before that further training is largely a matter of private initiative. It may be supplied by firms themselves, by publicly funded schools/colleges, and by various private training institutions. In this sense, one can analyse this market for incumbent worker training as unregulated, and a lack of transparancy has been quoted as one general downside of it (i.e. Dercksen & Van Lieshout 1993).

It must be recognised, however, that in many sectors the involvement of the social partners with training issues has done much to combat both the transparency issue, and the threat of underinvestment in broader training. Many sectors have their own training institutes that offer further training credentials (and offer training to prepare for them) that are widely recognised. Sometimes this task was/is performed by the same national body that regulated the apprenticeship system; sometimes it is a separate institute (i.e. NIBE in banking). In addition, collective labour agreements (which are in the Netherlands mostly on the sector level and then generally extended by the government to cover all firms and workers in the sector; larger firms often negotiate their own agreements) often contain stipulations on training. Since the mid-eighties, both number and nature of such training regulations in collective labour agreements have grown substantially.

We already mentioned one important means of facilitation, that is particularly important in the Netherlands: sector training funds. A survey identified 66 sector training funds in the market sector that are financed through some sort of levy on firms wage bill, and redistribute the money to training firms to (partially) compensate them for the costs of apprenticeship training and/or further training (Waterreus 1997). While the first of these funds was already established in 1947, 60% of them was created in the eighties, and 23,1% in the nineties. For 48 funds there is information on the kinds of activities they sponsor: 30 sponsor apprenticeship training, 41 sponsor further training, and 37 also fund other activities. Almost half of these funds entitle workers to a specific number of days of training. Usually, this is a collective entitlement at the firm level, and the employer decides which workers actually receive training.

A recent study has explored 130 sector collective labour agreements with 5.000 or more workers, and company-level collective labour agreements with more than 2.000 workers; jointly, these agreements cover over 4.2 million workers (Arbeidsinspectie 2000). It found the following stipulations in those agreements:

STIPULATION TYPE	**% WORKERS COVERED**
Training	99%
Of which: - general training	17%
- job-specific training	97%
- apprenticeship (BBL)	50%
- 'Dutch language on the shopfloor'	8%
Training leave	88%
Of which: - paid leave	69%
- unpaid leave	3%
- exam leave	69%
- time saving for training leave	17%
Development plans	32%
Of which: - personal development plans	14%
- firm development plans	21%

Stipulations regarding training and training leave can be seen as more traditional types of stipulations, while those concerning development plans are relatively new. Other examples of newer types of stipulations are labour market related (i.e. creation of a vacancy database), diagnostic (i.e. establishing systems to recognise previously acquired qualifications), financial (i.e. personal development budgets) or career/mobility related (i.e. creating a mobility centre). These newer types of stipulations underline two trends (STAR 2001b: 12)

1. A trend towards the broadening of training policy from job- and firm-specific to a more general employability policy that transcends the individual firm;
2. A trend towards enabling tailor-made individual provisions, in line with a more general development towards framework-type of arrangements in collective labour agreements (cf. Tros 2000).

Peak organisations of employers' associations and unions time and again conclude agreements that aim to stimulate training in the context of the Foundation of Labour (*Stichting van de Arbeid, STAR*), the central-level body for bipartite consultations and negotiations between the social partners and tripartite consultations and negotiations between the social partners and the government. In 2000 the STAR advised the government on ways to strengthen the different forms of initial vocational education at lower and upper secondary and tertiary level (STAR 2000).

In the wake of their spring negations, the social partners within the STAR have agreed that forms of career counselling need to be developed for all workers at sector and firm levels. Each worker and unemployed should in principle have the right to a personal development plan (*persoonlijk ontwikkelingsplan, POP)* with a corresponding budget. To implement and finance these agreements, they urge sectors to expand their facilitation of training, and expand training levies if necessary. The social partners ask the government to expand its fiscal facilities in this respect, in

particular for those seeking a qualification up to level 2 of the national qualification structure, or a qualification for occupations outside their current sector (STAR 2001a).

Shortly thereafter, the social partners have published a specific advice on stimulating employability (STAR 2001b). Its primary recommendations are:

1. Employability policies have to be specified and implemented at the firm level, and facilititated at the sector and national level;
2. Collective labour agreements are important instruments in this respect; besides traditional training stipulations, they have to include more general employability policies that transcend the firm level;
3. Each worker should in principle get a right to a personal development plan and a related budget;
4. Policies could include employability scans, firm and worker counseling, broadening the goals and application of training funds, establishing employability advisors, and vacancy databases;
5. At the firm level, it could include firm employability plans (to be established jointly with the works council), career counseling facilities, and recognition of previously acquired qualifications;
6. Training funds could also be used to support cross-sectoral mobility;
7. Employability in smaller and medium-sized firms will generally depend less on formal arrangements and more on practical day-to-day business operation;
8. Sectors dominated by small and medium-sized firms could stimulate cooperation and focus on flexible training forms;
9. The various arrangements should be periodically monitored at the firm and sector level.

Clearly, the most important level for future increases in activity is the firm level.[133] Article 27F of the Works Councils Act lends works councils the right of consent for firms training plans. The impression is, however, that so far training generally has not been one of the key issues for works council activity; management tends to take the lead in training issues. It is, however, possible, that this will gradually change. One early example was offered by the 1995 collective bargaining agreement in the banking sector. It placed the responsibility for the preservation of employment not exclusively with employers, but also with the employee. The agreement requires employers to dedicate funds to enable low-skilled employees to strengthen their employability. If they are made redundant, employees can have an independent party check whether the employer has lived up to (t)his part of the deal. This kind of stipulation should go a long way to stimulate works councils' interest in training

[133] Cf. Schömann (2001) for an international comparison of the role of worker representatives in codetermining firms' training policies.

issues. For smaller firms, providing training continues to be more problematic -and so has the problem of employee voice, as works councils are only legally required in firms employing 50 or more workers. Firms with 10-50 workers have to install a `personnel representation' (a weaker form of a works council) if half of their workers requests one, but these have no right of consent in training issues.

4 Temporary employment agencies and training in the Netherlands

4.1 The (re-) regulation of Dutch temp agency work

Section 2.1 documented the recent growth of temp work in the Dutch labour market. Temp workers are, however, in danger of receiving little training. Dutch employees on flexible contracts receive about half as much training as employees on permanent contracts; and about 40% of the difference is explained by the fact that (client) firms are more willing to invest in the human capital of permanent employees (Jonker & de Grip 1999). For temporary employment agencies, the fact that more than half of the temp workers indicate to be looking for a permanent contract with a 'regular' firm, and that between 31% (1996) and 40% (1993) of them actually find such a contract within a year (Van der Ende et al. 1999), provides a structural disincentive for substantial training investments. Osterman (1994) has pointed out that more permanent labour relations might develop between temp workers and the temporary employment agencies themselves, which could improve their labour conditions.

There are clear indications of such a development in the Netherlands. In 1996, the peak organisations of trade unions and employers' associations reached an agreement on 'Flexibility and Security' within the Foundation of Labour, and union federations recognised that temporary employment agencies has a legitimate function. This agreement inspired a related piece of legislation: the 'Flexibility and Security Act', that came into effect on 1 January 1999. One thing the act has done is to abolish the permit requirement for temporary employment agencies and the maximum period for temp worker placement. More importantly for our purposes, the act for the first time classifies the relationship between a temporary work agency and a temp worker as a 'regular' employment contract. There is one important exception to the general rules of employment law for this specific relationship, namely that both parties may agree in writing that the contract of employment will end without notice when the client firm points out that there is no more work. Yet, this exception can no longer apply once the temp worker has worked for the temporary employment agency for 26 weeks. The act implies additional improvements in worker protection once the temp worker has performed temp work for an even longer period.

Soon after the peak organisations of social partners negotiated the aforementioned agreement on 'Flexibility and Security', sector level social partners negotiated a collective labour agreement (CLA) that entitled temp workers to

pensions, training and a permanent contract once they had gained enough tenure. We will confine ourselves here to the agreement that the larger employers' association (*Algemene Bond Uitzendondernemingen -ABU*) has concluded with the major unions, as its approximately 200 members cover about 90% of all temporary employment agencies (Verhulp 1998; Grapperhaus & Jansen 1999). The ABU agreement contains the kind of clauses as negotiated in the aforementioned STAR agreement. The agreement distinguishes four phases related to job tenure as a temp worker. Phase 4 implies that temp workers are awarded a permanent employment contract with the temporary employment agency, once they have worked for 18 months (including time spent in prior phases) for the same client firm, or for 36 months (including time spent in prior phases) for various client firms. Phase 3 already entitles them to fixed-term employment contracts for one or more three-month periods, and these contract can not be terminated in case there is temporarily no work at a client firm.

Article 34 of the agreement concerns training rights for temp workers: as soon as a temp worker has been working for one temporary employment agency for 26 weeks, the agency must discuss the workers' training needs with him/her (phase 2).[134] It also requires temporary employment agencies to spend a gradually rising percentage (0.92% in 2002) of the total (gross) wage sum they pay their temp workers in a particular year on their training. And it creates a training foundation for the sector, that has to monitor compliance with the training rules stipulated in the collective labour agreement and the Training Regulations. For our purposes, there are two relevant possible effects of the 'Flexibility and Security Act' and the new ABU agreement. First, they entail direct effects, as they entitle temp workers in phase 2 and beyond - as a group - to discuss their training needs, and force temporary employment agencies to invest in temp worker training. Second, and perhaps even more intriguing, the act and the agreement jointly strengthen the employment relations between temp workers and temporary employment agencies after specified periods of time. This may cause an indirect, positive effect on temporary employment agencies' training investments, as in final phases, they still have to pay a temp worker when they temporarily cannot place him/her with a client firm.

We interviewed a number of temporary employment agencies on their training policies in 1998, but their number was to small, and time too early to provide us with clear evidence on the effects of the new act and collective labour agreement, which is why we discard that information here (cf. Van Lieshout & Van Liempt in print). One interesting finding, though, is that there appear two mechanisms through which temporary employment agencies protect their training investments. One is through the fees they receive for hiring out workers: as these are usually qualification based, more qualified workers will entitle them to larger will usually pick up the bill.

So far there is limited evidence on the effects of the new legislation. A first scan has revealed mixed feelings among fees (MGK & NEI 1998). The other mechanism is

[134] Temp workers also gain pension entitlements from this phase on.

that temp workers themselves usually have to contribute towards their training costs, except when training is very firm- and job- specific. In that case the client firm *employers, workers and their representatives, which are largely the result of the need to think through and implement the consequences of the new legislation and to reorganise administrative procedures (Grijpstra et al. 1999). A second evaluation has revealed that, following the introduction of the Flexibility and Security Act, there has indeed been a shift from temporary to permanent employment contracts (Klaver et al. 2000). About 145,000 existing temporary contracts have been converted into new temporary contracts and nearly 72,000 temporary contracts have been converted into permanent contracts. A total of 86,000 temporary contracts were not renewed. The contracts of 25,000 on-call workers were not renewed, and a further 93,000 on-call workers became either temporary agency workers or changed to fixed-hours or fixed-term contracts*.

In comparison with the first evaluation, positive experiences among both employers (including TWAs) and flexible workers now generally outweigh negative experiences. Half of the employers involved in the second evaluation had a favourable opinion of the Act (compared to a third in 1999). However, the views of those running TWAs are less favourable, with only a third expressing positive opinions (in 1999, a quarter of the these employers had been positive about the Act). Flexible workers are less likely to attribute negative developments in their employment relationship to the Act. The researchers conclude that firms and workers are getting used to the new rules. Knowledge of the law is fairly widespread, though it is still important to provide information for those engaged in collective bargaining as well as to individuals (Klaver et al. 2000). The Minister of Social Affairs and Employment has stated that he agrees with the researchers that the results of the study are influenced by the current favourable economic conditions, but he also concludes that the legislation on flexibility and security does not represent a barrier to favourable developments in the labour market.

As for the provision of training in particular, a sector representative recently pointed out that some temporary employment agencies have their own training policies that supplement the CLA arrangements, while others do have problems in meeting the CLA target for training investments, as many of them do not think that temp workers require much training, and they have an interest in employing rather than training them. By 2000, 75% of temporary employment agencies had conducted interviews to establish temp worker training needs, and 21% of all temp workers indicated they had had such an interview. About a third of the interviewed temp workers had subsequently been offered training. Almost 30% of all temp workers had received training in the last twelve months, while 37% of them feels a need for training.[135]

[135] All this information on the first effects of the new temp work governance regime stems from interviews conducted by our colleague Martijn van Velzen, whom we thank for making it available to us.

4.2 Initiatives from individual temporary employment agencies

Besides the (re-)regulation of temp work at the national and sector level, the other point worth observing is that individual Dutch employment agencies have developed various activities that are relevant from a TLM perspective , as they seek to ease various labour market transitions. Some of them have created a number of internal academies for temp worker training in recent years, and/or have taken over private training providers; this, of course, might be a partial response to the aforementioned (re-)regulation of temp work that stimulates their supply of training to temp workers, and indicates that they are indeed moving in that direction. In addition, there are two types of recently emerging activities of temporary employment agencies that do not (exclusively or primarily) concern temp workers in the traditional sense, but are also relevant from a transitional labour market perspective. The first is *PasKlaar* (to be translated in English as "Tailor-made"), an organisation that seeks to ease both the education or training to employment transitions and the unemployment to employment transitions for recruits not yet employed as temp worker, but either participating in initial VET and looking for an apprenticeship or internship position, or unemployed trainees looking for a traineeship to complete their training. The other is a partnership of firms administered by a temporary employment agency that hosts a cross-firm employment pool. As the latter is extensively discussed in Wilthagen et al. (2001) elsewhere in this volume, we will confine ourselves to the first case here.

4.3 'PasKlaar'

The PasKlaar organisation has two core activities. First, within the initial VET system, PasKlaar is involved in the work-based component of both the apprenticeship and vocational training track, for those individual ROCs that have contracted them. They jointly establish a PasKlaar office at the ROC. This office can provide two types of service: just broker between students and firms offering apprenticeship/internship positions; or PasKlaar can employ apprentices/interns itself, and subsequently place them with one or more firms that perform the actual work-based training over the course of the training period. This way, PasKlaar offers a functional equivalent to the joint training activities (*Gemeenschappelijke Opleidings-Activiteiten –GOAs*) for apprenticeship, mostly created in the eighties by social partners in sectors such as metalworking and construction. The PasKlaar initiative thus brings an institutional solution already in place in some sectors, to firms outside (the core of) these sectors.

As a second core activity, PasKlaar is involved in training or retraining the unemployed. In this area, it is contracted by the public employment servive (PES, *Arbeidsvoorziening* in Dutch) to assist their training centres with the placement of trainees in traineeship positions and subsequent jobs. While the contents and operating procedures of the PasKlaar initiative have by and large remained the same, it is now a sole activity of *Start* temporary employment agency (and no longer a joint venture with 'Arbeidsvoorziening') under a new name (*leerwerktrajecten*); and

Start now also explicitly tries to recruit their own temporary workers for participation in the initiative.

One important concern expressed by critics of the PasKlaar initiative is that the involvement of for-profit actors in prominent roles in this respect could corrupt decision-making processes that should exclusively be guided by the students' best interests. One could counter the argument by simply asking why this fear would be particularly relevant for the involvement of temporary employment agencies, as private for profit schools are free to offer the school-based component of Dutch VET (cf. section 3.2), and all legal requirements and checks and balances apply. More importantly, it appears that PasKlaar is more active and successful in generating additional local work-based training volumes than local public actors were in the recent past. It copies the inspiring example provided by social partners at the sector level developing successful GOA networks for their sector in the past to those economic segments that are - for whatever reason - not yet covered by such a network.

5 The combination of apprenticeship and work placements for the unemployed

5.1 Introduction

Most (re-)training programmes for the unemployed train towards their own certificates or diplomas. When applying for regular jobs, employers tend to value such certificates a little less than certificates from regular initial VET programs - if only because they will usually be more familiar with the latter. Enabling unemployed workers to achieve a certificate from regular initial VET programmes might thus be an important step forward. There are two different ways to achieve this. On the one hand, one can connect specific training programmes to a national skill standards system – such as the national qualification structure that was recently created in the Netherlands. On the other hand, one could stimulate the participation of the unemployed in regular initial VET programs, rather than to develop specific training programs for them. This chapter explores two types of arrangements to train unemployed through the apprenticeship system.

5.2 Combining national unemployment reintegration arrangements with apprenticeship

The first type connects a youth work experience program (first *JWG*, currently *WIW*) with apprenticeship. The combination of JWG with apprenticeship implied that the work experience placement for young unemployed sponsored by the JWG simultaneously served as the work-based component towards regular apprenticeship

training for the first half of training duration; at that point, the training firm would have to take over the trainee as a regular apprentice to complete training. To prevent crowding out of regular apprenticeship through this combination there were additional conditions to be met; for instance, unemployed youth had to have been placed in a 'regular' JWG placement for a year before they could enter this combination. This implies that the combination was preserved for pretty much the most disadvantaged group of unemployed youth.

Deventer, in the east of the country, was the first Dutch city to host such an experiment; 22 other regions soon followed. A national evaluation of these experiments shows that total enrolments in the combination were low, as the evaluation covered a nation-wide total of 302 placements (Meijerink 1998). Given the fact that the combination was targeted to those unemployed who still had not found a regular job after one year of regular JWG placement (that is, without apprenticeship training), it suffered from a negative selection bias, which helps explain that the combination hosted a lower outflow to the labour market than regular JWG placement. The evaluation concludes that the combination experiments actually appeared to stimulate outflow of the JWG *for a specific, problematic category of youth* (Meijerink 1998; vi, 10).

Since that time, apprenticeship has become a regular training option available for all unemployed, nation-wide, under a new national act governing unemployment reintegration, the WIW (*Wet inschakeling werkzoekenden,* Law on the deployment of job seekers). Instead of exclusively being available for young unemployed under the JWG, it may now also be offered to older long-term unemployed, provided they have been unemployed for over a year and their labour market position has been diagnosed as weak. While a negative selection bias can thus be expected to remain a problem for the effectiveness of the combination for this target group, it should no longer be a problem for the category of youth under 23 years of age: municipalities are no longer required to wait one year before they can combine WIW-job placements with the apprenticeship training pathway under the WEB. In addition, there is no longer a national requirement that the training firm has to take over the trainee as a regular apprentice halfway through the training period. Municipalities in principle (firms would have to meet relevant stipulations in collective labour agreements) now have the freedom to either require a firm to take over the apprentice from the start of apprenticeship training, or on the contrary to keep the on welfare until graduation – and anything in between. Recent reliable empirical information on the experiences with the WIW-BBL combination is, alas, not yet available.

5.3 Contract compliance to stimulate apprenticeship for unemployed

Two municipalities have tried another way to use apprenticeship to train unemployed: contract compliance. Contract compliance can be defined as the inclusion of

additional, social clauses in contracts concluded in the course of regular or incidental government activities (government assignments and tenders, the granting of subsidies and permits). The use of contract compliance is subject to very specific legal conditions in view of EU competition law (notably the 1992 and 1993 EC Directives on government assignments). It is recently being explored and experimented with as a means to stimulate labour participation among weaker groups by the Dutch government at various levels (see Wilthagen et al. 2000, Hessel et al. 2000). Both local experiments include a requirement to train (long-term) unemployed as apprentices in local publicly funded building plans, upon which contractors place their bids. The experiments include various supporting facilities, such as preliminary training trajectories to upgrade the skills of the unemployed to a level where they can subsequently start apprenticeship training with a decent shot at completion. Apprentices remain on welfare during preliminary training, but are regular apprentices with a local construction GOA (that receives the regular training subsidy for such apprentices from the apprenticeship training fund in the sector) once they start apprenticeship training, for which the GOA places them with one or more individual contractors. Here, too, numbers of unemployed trained are still very low.

5.4 Conclusions

Both types of arrangements do indicate that a considerable number of long-term unemployed can indeed complete apprenticeship training, provided they can get a training position with a firm. The latter is where they differ: in the combination of JWG/WIW and apprenticeship, the government sponsors (the first part of) the work-based component by supplying the income of the trainee, while with contract compliance, the government uses its authority (public or as a private client) to force firms to contribute towards the public goal of unemployment reduction. The difference is a relative one, however, as contract compliance does not rule out the simultaneous use of subsidies. In one of the Dutch municipalities experimenting with contract compliance, the *WIW* (cf. section 5.2) is, for instance, nowadays used as a legal basis to provide an additional subsidy to the training firm of contract-compliance-based apprentices in their first year of training.[136]

The opportunity for governments to use contract compliance will, however, not be equally great for every sector and occupation: it is no coincidence that both contract compliance projects concerned construction, as that is an area in which governments invest heavily.

The other general lesson to be drawn from both the experiences with policy options in the Netherlands is, that long-term unemployed do require more preparation and attention than regular apprentices to achieve the same qualification. Decent

[136] The exact legal basis for this contract compliance related subsidy is, however, a different instrument within the *WIW* (WIW work experience placement) than that used for the 'regular' combination of apprenticeship and *WIW* discussed in section 5.2 (WIW job placement).

preliminary programmes for those with severe basic skills deficiencies, and additional counselling are two key ingredients to successful programs. It seems indeed possible to lead at least a significant share of long-term unemployed back to employment through (apprenticeship) training, but it requires effort, funds, time, and a solid programme planning.

6 Institutionalising VET in a new sector: the case of information and communication technology

6.1 An emerging sector and its industrial relations: Dutch ICT

One suspected weakness of VET systems in general and German apprenticeship in particular is the (s)low responsiveness to changing labour market structures. While there are more aspects to the theme of responsiveness of VET systems, we will limit ourselves to just one of them: the institutionalisation of training in a new, emerging labour market segment: the information and communication technology (ICT) sector.

In 1998, the ICT sector accounted for 4.73% of the Dutch economy. And since 1995 it had grown at a substantially higher rate than the entire economy. With both 1995 levels put at a level 100, the Dutch economy had grown to a level of 113 in 1998, but the ICT sector to a level of 147 (Van Liempt & Van Uffelen 2000). The number of Dutch ICT workers grew from 47.300 in 1997 to 234.000 in 2000 (Van Liempt 2001).

The unionisation rate of Dutch ICT workers lies at 7%, about a quarter of the national average unionisation rate (Van Liempt 2001). 23% of Dutch ICT workers are currently covered by collective bargaining, as compared to 20% in Germany (Van het Kaar & Grünell 2001). Only the hardware segment in the ICT sector has a sector-level collective labour agreement: the collective labour agreement for the information, communication and office technology sector. This agreement has, however, not been extended by the Ministry of Social Affairs and Employment to cover all such firms, as is usually the case in the Netherlands. The unextended nature of the sector agreement leaves room for hardware firms to conclude firm-level agreements; nine have done so (Van Liempt 2001). In the software sector, an additional six (larger) firms have concluded a firm-level collective labour agreement with unions. The number of and coverage by collective labour agreement in Dutch ICT show a rising trend, as most agreements only originated in recent years. Van Liempt & Van Uffelen (2000) present the case of the origination of a collective labour agreement at Origin in 1996 as a breakthrough agreement for collective bargaining in this sector.

6.2 The formation of ICT occupations

A recent dissertation studies the formation of ICT occupations in the Netherlands (Van Dael 2001). Van Dael distinguishes three types of computing specialists dominating the history of Dutch ICT: administrative, mathematical and technical. The three types of activity were performed by different people who worked separately, used a different technology, and worked at different places. Institutionalisation of each type was promoted through emerging occupational associations and/or emerged bottom-up at a workplace level. There have been different attempts to integrate the different types of computing specialist, but these failed time and again due to the underlying differences.

The institutionalisation of formal education is an important further step for an occupation in gaining prestige and recognition. In higher vocational education, separate pathways developed for mathematical and administrative occupation specialists, respectively. The first colleges for mathematical computing specialists opened in 1971, the first for administrative computing specialists followed in 1973. At the academic level, interest conflicts led to the exclusion of the administrative pathway, and in the end only an academic pathway for the mathematical computing specialist was accredited by 1981. The technical computing specialist emerged exclusively in the workplace. For our subsequent analysis of ICT VET (rather than higher vocational and academic education), we learn that that type of education will only be sufficient to qualify for the lowest rung of the associated job hierarchies within the three types (programmer), as well as for operator and maintenance ICT jobs below the programmer level.

6.3 The institutionalisation of ICT VET

On-the-job training will be the first type of training available for a new technology, whose production and related services will gradually develop into a new sector. Subsequently, producers will need to enable client firms to actually employ the technology purchased, and will provide a corresponding manual, and often a related training programme provided by its own staff. As the sector continues to grow, some firms may start to specialise in providing training. Corresponding pathways in regular education will only develop over time, and gradually gain market share. As we will see, this indeed is the way developments in the ICT sector went. A final recruitment channel is re-training of unemployed, with the PION Foundation (*Stichting PION*), that trains unemployed HBO (tertiary vocational education and training) and university graduates and helps them find an ICT job, probably being the most famous Dutch example. The Dutch ICT training market is, however, generally perceived to lack transparency. Another problem of the ICT training market is high volatility of demand (Couzy 1998).

The most powerful co-ordination tool available to Dutch employers' associations and unions (sector-level collective labour agreements) currently covers, as indicated already, only a minority of ICT workers, and as a result, these organisations currently have substantially less power and authorities than their counterparts in traditional sectors such as building and metalworking. Nevertheless, they prove to find other ways to carefully try to increase training and labour market co-ordination. In Dutch ICT, the business association FENIT (*Federatie van Nederlandse ondernemingen in de Informatietechnologie*) shows some promising first signs in this respect. It has created a Commission Education & Training that signals and anticipates developments regarding education and training in the IT-sector. The Commission surveyed member firms on training-related problems in 1996, and subsequently created a number of occupational profiles for entry level jobs within the sector. It is a member of the IT sector council of ECABO, the LOB under whose responsibility national skill standards for economic and administrative tracks are developed.

A trainee project for unemployed secondary education graduates (*Instroomproject Schoolverlaters Informatiseringsberoepen*, *ISI*), an initiative to train unemployed for ICT jobs up to an upper secondary qualification level that was launched by the Dutch government in 1985 (Stokking & Eberg 1989), boosted institutionalisation of ICT VET. As ISI was practically oriented, the government chose to embed ISI within the context of the apprenticeship system, albeit in an unconventional way. ECABO served as the LOB responsible for ISI, and created a separate sector administration for this project. This channelled national government funds to (eventually) fifteen regional foundations that were founded to recruit participants as well as schools and training institutions for the school-based component, and to find work-based training positions. Eventually, about 1.500 firms trained one or more ISI trainees. The goals was to develop the ISI programmes into national skill standards under the apprenticeship legislation at that time). This resulted in four occupational profiles: application user, application manager, application developer and application programmer. This became the so-called first generation of skill standards for ICT VET. The related programs were intended both for initial education (apprenticeship and MBO) and for further and re-training. The aforementioned regional foundations were transformed into GOAs. Around 1993, a second generation of skills standards was developed. Today, the legal regime for ICT VET is provided by the WEB, and the third generation of skill standards governs its tracks. In general, this generation is somewhat more specialised and differentiated than the previous one. One noteworthy innovation has been the development of a pathway targeted to the needs of smaller firms, that often want to hire just one ICT specialist that is responsible for all IT tasks within the firms. The previous government subsidy for GOAs was ended in 1994, however, which has caused some GOAs to disappear; some have become part of an ROC while others have had to refocus their efforts on other target groups, such as unemployed

6.4 Discrepancies between ICT VET and ICT employment?

While tightness characterised the entire Dutch labour market in recent years, this was even more so for the ICT segment. In 1995/96, less than half of all workers in ICT occupations have completed a specialised information track in initial education (Smits et al. 1998). The number of workers in ICT occupations that had completed such tracks had, however, been rapidly rising in the previous four years. The growth of information workers that had completed upper secondary VET was lowest, but still substantial. Smits et al. (1998) infer that a growing supply of information specialists graduated from a corresponding track in the initial education system leads to a crowding-out effect of workers lacking such a diploma from those occupations, and that employers – given the choice - apparently do prefer workers graduating from a specialised track. They find, however, that this does not hold true for upper secondary information track graduates ('programmers') at the time of their research; employment growth for this group is just on par with general employment growth in the occupation. The most targeted VET track for programmers (MBO/apprenticeship automation) is indeed the most important education track from which workers employed as programmers in 1995/96 had once graduated (20%); but the trend of this percentage had actually been declining for the past four years. And an analysis of the new influx of young initial education graduates into the programmer occupation in 1996 surprisingly shows that MBO/apprenticeship automation accounted for less than 5% of the tracks from which education graduates recruited as programmers that year had just graduated from. These results leave us with mixed feelings regarding the performance of the MBO/LLW automation track. A noticeable share of the discrepancies that exist stems from low enrolments and (hence) student preferences.

6.5 Conclusions

So at first sight, there appears to be considerable scope for lamenting the slow responsiveness of education systems based on this ICT case. Closer scrutiny, however, can take at least some of the bite out of this critique. To begin with, the ICT sector is focussed on higher education graduates, and HBO ICT tracks already emerged in the early seventies. Responsibility for the fact that ICT VET tracks were only developed since the mid-eighties should at least be shared by the sector; even today the sector itself is considerably less interested in ICT VET due to its focus on higher education, and only in recent years have its developing associations begun to increase their linkages with and initiatives relating to VET. In fact, when embarking upon the development of ICT VET, the Dutch government has been wise to subsidise development and operation of regional training foundations themselves in the eighties and early nineties, thus providing a push to associational development in the sector – a typical example of the stimulation of self-regulation. Finally, in recent years, ICT employment growth has simply been expanding too fast to be able to rely on initial education ICT graduates exclusively –implying that youth's VET preferences are another cause of slow responsiveness.

Instead of dwelling on the slow responsiveness of education systems exclusively, one should at least not forget to look at the other side to that coin.: there are alternative avenues to skill acquisition in our modern societies, that to a large extent make up for the slower responsiveness of education systems. (Further) training in particular has been the most important one. Perhaps the lesson to be learned from this case is that responsiveness is not the most relevant criterion to judge education systems by. (Further) training markets and on-the-job training will always outperform education systems in this respect. We should judge education systems on their own merits: to help stabilise labour market segments by gradually providing skill standards and pathways to them, whose certificates will ease recruitment and selection, and gradually help economise on further training investments. From this perspective, Dutch higher education has been more successful so far than upper secondary VET, where specific ICT tracks sometimes are still not the main recruitment source for the related occupation, even within the VET system.

This perspective also helps us to indicate some challenges for ICT VET for the next decade. First, ICT tracks will obviously have to prove themselves in their primary role, and increase their market share in recruitment for the occupation they primarily train for. Second, ICT skill standards should be explicitly promoted to not just serve their legal roles for VET tracks, but to enhance transparency in the further training market. Third, we caution actors not to neglect upper secondary level qualification as if it will necessarily always remain of relatively little strategic importance for a sector where tertiary skills today are, indeed, of more importance. To bridge this gap, it would be worthwhile to explore the potential for a new intermediary qualification level, that could be added as a fifth level to the national qualification structure of skill standards in VET.[137]

7. A transitional labour market perspective on three borders to cross

7.1 Introduction

In this paper we have selected three case studies of developments in the Dutch VET market because each of them, in one way or another, relates to what has been labelled the 'flexibility – security nexus' (Muffels, Wilthagen & Van den Heuvel 2001). The flexibility and security nexus appears as one of the typical paradoxes in modern society and can be considered to reflect the distinct and different codes, logics or rationales of two social subsystems – the economic system on the one hand and the legal/labour law/social security system on the other hand. In less abstract terms one can speak of a double bind for policy-makers. The need to adjust labour market

[137] Comparable to the 'Sonderausbildungsgänge' created in Germany at the crossroads of apprenticeship and higher education (cf. Van Lieshout 1996a).

policies and systems of labour law is frequently being advocated by the OECD and other for reasons of competitiveness and employment growth. On the other hand there is a growing concern in Europe about the economic and social position and prospects of flexible workforces, among other things in terms of training and education, and a broader fear of bifurcation of the labour market and diminishing social cohesion. The flexicurity paradigm in labour market policy-making explicitly deals with this double bind that policy-makers are facing by (re)connecting and (re)balancing economic and social goals and rationales. Thus, we contend, the flexicurity paradigm might serve as an implementation strategy for the development of TLMs which also address both policy ends by creating transitory states between paid work and other socially productive sub systems.

We have chosen to focus the individual case sections (4-6) themselves primarily on the case material and its implications from a VET perspective. We use this epilogue to reflect on the cases from this transitional labour market perspective. More specifically the cases offer three possible contributions to the TLM approach: (1) the potential of 'new' actors which can operate as transition agencies (2) the use of existing institutions that have historically facilitated one particular type of transition for the benefit of another type of transitions (3) an analysis of the responsiveness of a (more or less) adequately institutionalised TLM to the emergence of new sectors and occupations.

7.2 Temporary work agencies as transition agencies

Our first case, temporary employment agencies and training in the Netherlands (section 3), directly relates to the aforementioned flexibility-security nexus. The Netherlands have come to rely more on temp work than any other European country over the past fifteen years. At first glance, this can be seen as a way to provide firms (and workers) with a loophole from important parts of regular employment regulation (in particular dismissal regulation), and thus as a flexibilisation antidote to a possible overdose of security in this respect. In recent years, however, temp work has been re-regulated by a Flexibility and Security Act and a collective labour agreement in a way that tries to preserve the core ingredient of short-term flexibility in temp work for client firms, while simultaneously offering more security for those workers who are somehow locked into this type of relatively unprotected employment for more than six months. In a nutshell, it could be characterised as the institutionalisation of tenure bonuses (improve employment security, pension rights, chances at training) for temp workers. It seeks to stimulate the creation of an occupational labour market for temp workers.

An outside observer might first be inclined to interpret this re-regulation of temp work as a backlash of the flexibilisation boost that the growth of temp agency work has provided to the Dutch labour market. But this is not the climate in which it has actually occurred in the Netherlands. So far no temp worker strike or protest

movement has helped to bring this re-regulation about. The empirically most accurate perspective is to see it as a normalisation of temp work as a regular (though somehow different) employment relationship. The probably most illuminating proof we recently saw of this is an email of a union representative to a union federation list service in which he extensively (and convincingly) argues against criticism of the (re-) regulation – something that would have been almost completely unimagineable ten-fifteen years ago. And the theoretically most challenging perspective is to interpret it as an attempt to preserve and enhance the character of a transitional labour market that Dutch temp agency work already fulfils for an important share of the temp workers.

It preserves it to the extent that a considerable share of temp workers will continue to opt for 'regular' employment with another firm (often the current client firm) as soon as the opportunity arises. And we have seen that it often does within a year (section 4.1). Almost a third of 1997 temp workers were previously unemployed, implying that temp work played an important role in easing the unemployment to employment transition (also cf. Schmid 2000: 235). And the low average age of temp workers correctly indicates that another substantial share of them are either full-time students working on the side or fresh education graduates, implying that temp work also plays an important role in easing the education to employment transition. The PasKlaar initiative (section 4.3) is another indication that temporary employment agencies can (and, currently in the Netherlands, do) improve these two transitions.

Furthermore, the (re-)regulation of temp work seeks to enhance its character of a transitional labour market in the sense that it guarantees that those that continue as a temp worker will end up in a completely regular employment relationship with a temporary employment agency itself once they have acquired sufficient tenure. Of course, the future may still present us with evidence that, for instance, the re-regulation of Dutch temp work, has been a convincing example of killing the proverbial goose that laid the golden egg. So far, however, we are amazed at the few signs that are already actually there that agencies providing other firms with external flexibility are actively institutionalising occupational labour markets for these temp workers. For those who perform temp work for a long time, the recent re-regulation of temp work has at least started to provide them with a safety net. As this new governance regime for temp work is still relatively young, and Dutch temporary employment agencies now face a double challenge of a still tight labour market on the one hand and already somewhat less benevolent economic circumstances on the other, it remains to be seen how effective it will be in achieving its goals. Closely monitoring the development of Dutch temp work in general and the provision of training to temp workers in particular will therefore be a relevant task for the near future. It will show us whether it is actually possible to regulate temp work and give temp workers increased job security (and training opportunities) with tenure, while preserving the level of external flexibility temp work provides to client firms.

The major issue illustrated by the case of temporary work agencies and their involvement in labour market transitions concerns the possible and potential role – and added value – of new, private for profit actors in achieving public policy goals. As Schmid (2000) has argued, coordination in the form of public-partnerships represents a major precondition for TLMs. The combination of a traditionally strong role for social partners in the governance of Dutch VET (further enhanced by recent developments in national, sector and firm level negotiations between the social partners: cf. section 3) and the particular cases we discussed indicate that such partnerships do indeed provide an apparently congenial environment for the developments of TLMs there. But, in addition, the case of temporary employment agencies has shown that an additional step could be the emergence of exclusively private actors/partnerships that fulfil public goals by (partially) functioning as transition agencies. We have portrayed signs that a 'new generation' of Dutch temp work agencies take on roles of intermediaries and coordinators in developing TLMs. Thus, within the right institutional context, self-regulation can even serve public goals by relying on private for profit actors as the primary (or even exclusive) local transition agency. Of course, the long history of apprenticeship, where individual firms are in fact the most important local transition agency, implies that this, in itself, is not a completely new development. But the aforementioned recent developments in the Netherlands indicate that this type of self-regulation may have more promises to offer than we tend to realise. This creates new questions to be answered in future TLM research. To name just one: is it foreseeable that private actors do internalise public goals to such a degree, and synchronise these with their own private operations and goals, that a new version of the 'invisible hand' will arise, which is more congenial to public social goals?

7.3 Apprenticeship as a transitional labour market from unemployment to employment

Our second case (section 5) addresses the transition from unemployment to employment, and the unanimously shared –but hardly realised- goal of institutionalising life-long learning in particular. While most countries have more or less extensive apprenticeship systems, they have generally remained reluctant to encourage substantial numbers of unemployed from embarking on such proven tracks because they fear a crowding out effect of youth by the unemployed. This would also correspond to training firms saving expenditures for apprenticeship wages, while the government picks up the bill in terms of unemployment benefits for (the first stages of) apprenticeship training. If, however, the trend to lifelong learning will indeed materialise, apprenticeship-type tracks simultaneously remain theoretically attractive institutions to facilitate it (also cf. Gelderblom & De Koning 2001) exactly because they would allow the government to phase out welfare subsidies to unemployed and have training firms pay them apprenticeship wages instead, already during (the final stages of) the training period itself.

The examples of contract compliance we discussed provide an easy theoretical way out of this dilemma, as here the government can limit itself to just paying welfare benefits for necessary preliminary remedial teaching and occasional additional counselling, while firms pay apprenticeship wages for the entire duration of regular apprenticeship training. And the combination of job seeker schemes and apprenticeship could in principle be conceived in a similar way – and under the *WIW*, Dutch municipalities have the freedom to do so. This could work in practice as long as apprenticeship wages are not lower than welfare benefits participants would otherwise receive; if they are, however, supplemental income support will be necessary. In addition, firms' potential *ceteris paribus* preferences for recruiting fresh education graduates rather than unemployed as apprentices might suggest at least a partial wage subsidy (cf. Schmid 2000: 234). The availability of unemployment funds in all sectors and training funds in many Dutch sectors implies that such wage subsidies will not necessarily have to be covered by the state alone. We currently lack the detailed empirical material necessary to settle these issues more precisely; but the recent emergence of two types of arrangements that make apprenticeship training available to Dutch unemployed guarantees that it is there to gather and explore. This research will also have to show whether these arrangements do actually succeed in hosting a subsequent a higher outflow to regular employment than other labour market reintegration measures for the unemployed.

7.4 Developing transitional labour market institutions over time: the case of Dutch ICT VET

Our third case, institutionalising VET in a new sector: the case of the information and communication technology sector(section 6) discusses developments spanning the last decades. Its relevancy from a transitional labour market perspective is that it provides us with lessons and the opportunities and constraints regarding its (short-term) responsiveness, that may have wider implications than just the ICT sector and VET. It can learn us on what to expect, and thus how to proceed, when institutionalising VET for other new sectors or new occupations that will continue to emerge. As the empirical material is, however, obvious limited to one transition (from education or training to employment), one country (the Netherlands), and one sector, we can only reflect on it within those limitations. The wider implication then, is only to stimulate others working within the transitional labour market perspective to explore not just the make-up and effects of transitional labour markets today and tomorrow, but to explore change and continuity of transitional labour markets institutions in the recent past to learn more about the practical feasibility of institutional change in this respect, and factors that stimulate or inhibit it.

Our particular case relates to another nexus: VET systems are expected to meet the double demand of standardising VET for current occupations today, while simultaneously training people for occupations that will employ them happily ever after for a lifetime. As occupational demand today is fundamentally different from

forty years ago, and the difference between current demand and that in forty years might even be larger, we are not even sure it is a paradox – these two ends may simply be impossible to meet simultaneously. While important trend setters for national policymakers such as the OECD have advocated the institutionalisation of lifelong learning since the sixties, nothing fundamental has changed in this respect (although recent Dutch peak-level bargaining between social partners and the government shows some encouraging signs in this respect, cf. section 3.3). National governments generally have not relieved initial VET of this double demand in the face of the increasing speed at which skills run obsolete; nor have they sponsored substantial (re-)training facilities other than to combat unemployment.

VET systems themselves are limited in their capacity to tackle each of these issues. Short-term fluctuations in labour demand as well as in student preferences for specific tracks will always cause short-term discrepancies between labour demand and supply of fresh VET graduates. In fact, such discrepancies tend to reinforce one another, a phenomenon analysed as a 'pig cycle' (cf. Boudon 1981). As training takes time, freshman VET students will at best have based their choices upon the labour demand at the time they start training. As they do so, former shortages of graduates in a specific occupation over time may result in redundancies and vice versa, rather than necessarily emerging in a stable equilibrium as a naive application of neo-classical economics would expect. And to think that a long-term equilibrium could be attained in the sense that we could, in forty years, look back at a VET system and say it has indeed proportionally trained graduates over that spell to adequately satisfy occupation labour market demand over the entire spell, is a complete folly. Gelderblom & De Koning (2001) have suggested that a change towards life-long learning might in fact imply that extensive specialisation in initial VET would become less efficient, and dual (apprenticeship-type) training forms would become more important in easing the transition into employment. A naive application of neo-classical economics could even provide us with a more radical view: a labour market without an institutionalised VET system, with simple jobs and just general education and simple on-the-job training, and a labour market with no dismissal protection or social security whatsoever. But the history (recent and long gone) of societies shows they continue to develop both VET systems and at least a basic level of employment and social security, so the practical relevance of this latter avenue should be considered somewhere between slim and none.

The case of institutionalisation of ICT VET we discussed will not particularly surprise any VET historian. The delicate but somehow elaborate institutionalisation of VET in sectors such as construction or metalworking today took ages to develop. While the fact that ICT VET currently only accounts for a minority of even all VET graduates recruited for such employment may negatively surprise us at first glance, the thing that should simultaneously surprise us is the fact that a substantial amount of such institutionalisation has occurred so far in the Netherlands. Of course, this does not imply that concerns on (s)low responsiveness of VET systems are irrelevant, quite to the contrary. But it does imply that one should observe that there

are at least three ‘parties’ responsible for this. The first is the sector itself. In a newly emerging, booming sector such as ICT, each and every individual firm is primarily concerned with meeting short-term product demand, and preferably gaining ‘first-mover advantage’ in niche markets. Striving for ‘first-mover’ advantage puts a high premium on higher education graduates versus VET graduates. Societies primarily relying on sector-level VET governance such as the Netherlands and Germany can only find that the most important actors in such sectors themselves have more important priorities to deal with than building the government a VET system: firms have to survive the current shake-out in the capital market, and associations have yet to establish (if ever) the most important roles they can fulfil in the labour market, such as collective bargaining. Youth, apparently, are still reluctant to embark on training for a clearly emerging occupation such as in ICT, which neo-classical economic would interpret as ‘risk-averse’. This typically leaves the VET schools with roughly a third of the blame to be shed in this respect, albeit enough to warrant close scrutiny. But, before governments start shedding blame on them, they should critically consider the extent to which their institutionalisation of VET itself is not biased towards the requirements of traditional sectors, and the extent to which they have come up with complementary policies to stimulate the institutionalisation of VET in newly emerging sectors. In the case of Dutch ICT, Dutch government can pride itself in funding a retraining project for unemployed in ICT in the eighties with the accomplished intention of translating it into regular ICT tracks, and having a keen eye for the need to fund regional training partnerships of ICT firms in that effort, in the absence of a fully developed systems of associational governance in the sector (as compared to traditional sectors such as construction and metalworking). It can also question the wisdom of risking the complete collapse of the latter in the course of a general change in VET stimulation policy from a targeted subsidy to a tax cut just for training firms in 1994. While this measure may have made sense from a general VET governance perspective, it seems ill-advised for newly emerging sectors such as ICT, where the evolution of industrial relations will take at least a decade and possibly more for associational governance to reach levels comparable to other sectors such as construction or metalworking.

7.5 Refining the conceptualisation of education and training in transitional labour market theory

So far, transitional labour market theory has tended to lump education and training together in one transition: the transition between education or training and employment (cf. Schmid, 2000). We find this specific conceptualisation a bit problematic.

To begin with, the international scientific literature almost unanimously speaks of the school-to-work transition, when referring to the transition of educational systems to employment. This conceptualisation is problematic in itself, because of the important role apprenticeship plays in this transition in many western countries.

Instead of the *sequential* institutionalisation of this transitional labour market as an (instantaneous) transition from full-time school participation to (typically) full-time employment that general secondary education and school-based VET imply, apprenticeship implies a *parallel* institutionalisation of labour market (albeit with a specific status as an apprentice, usually for four days a week) and school participation (school-based related instruction, usually for a day a week) as a separate transitional labour market, participation in which can last up to four years. The latter also explains why apprenticeship experts in Germany, where apprenticeship has a virtual monopoly in the transition from education to employment at the upper secondary level, speak of two transitions in this respect: a first transition from (general) secondary education into apprenticeship ('erster Schwelle'), and a second transition from apprenticeship into 'regular' employment ('zweiter Schwelle'). In most other countries (such as the Netherlands), where apprenticeship plays a smaller role and other, school-based VET tracks are just as important, the transition between VET and employment is generally perceived as a single one, even if VET experts there now that for apprenticeship, not just the second transition, but also the first transition can be problematic. Youth may stumble at the first transition when they cannot find an apprenticeship position, and they may stumble at the second transition it they cannot find related employment for the training they just completed, for instance because a recent economic recession has severely cut employment demand in that occupation since they embarked upon training. Despite all these distinctions, as long as general secondary education graduates directly move on to apprenticeship, as is generally the case in the Netherlands and Germany, apprenticeship in general can still be treated analytically as a transitional education-to-employment labour market.

To the extent, however, that apprenticeship or other forms of training are actually and actively used to train unemployed (as in our Dutch examples in section 5), to promote incumbent workers to better jobs in (as is generally the case with American apprenticeship, cf. Van Lieshout 1996b, as well as with a proportion of Dutch apprentices), or to promote transition from (unpaid) private work to (paid) market employment (specific examples of which we are not aware of), it would be analytically incorrect to still treat it as if it concerns the education-to-employment transitions. And to do so would obscure important opportunities to explore the potential of a transitional labour market model proven to be effective at one transition (from education to employment) to be effective at other (theoretically, all) transitions as well. While our empirical material in this paper on its effectiveness for the unemployment to employment transition is insufficient, the aforementioned empirical fact that apprenticeship does play a role at various other transitions in a number of countries, and the mere chance that this role will expand, make us propose a modest refinement of transitional labour market theory in this respect.

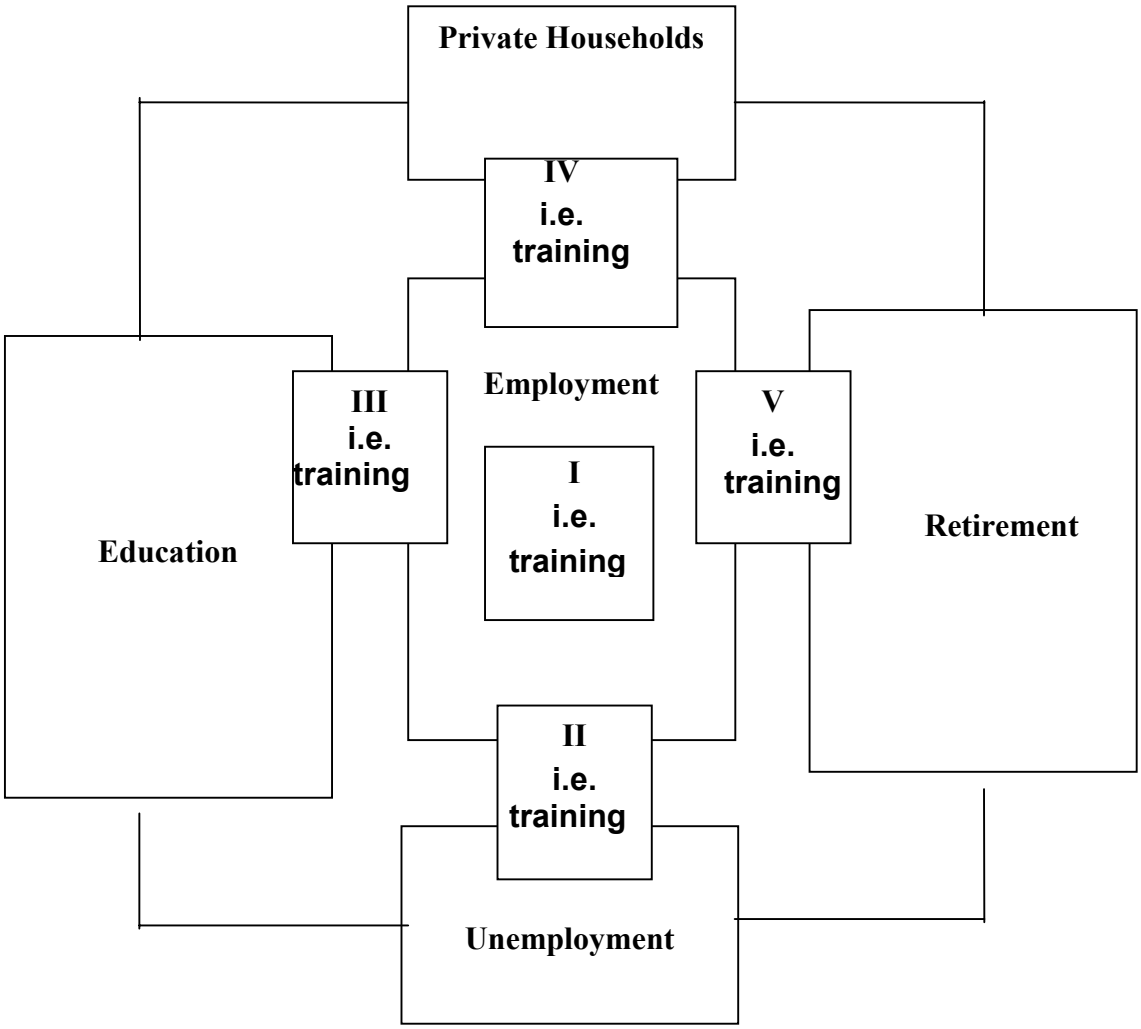
First, we propose to rename the education or training to employment transition exclusively as an education to employment transition. This is in fact what Schmid (2000: 232) himself has done in his figure 1 that graphically represents the TLM

Model. There, transition III is portrayed as one between education and employment, and labelled ‘transitional arrangements between education and employment’. The main text of the article, however, continues to speak of the transition from education or training and employment. We propose to stick with the terminology used in that figure.

Second, this opens up the opportunity to reserve the term training (including, but not exclusively, apprenticeship) as one possible example of a transitional labour market institutionalisation at each and every transition.

ANNEX 1

Figure 1: Education and training in the transitional labour market model



Source: G. Schmid/WZB
Specifications: H. van Lieshout & T. Wilthagen/HSI

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