



Work sharing as a crisis measure in selected European countries: Austria, Belgium, France and the Netherlands

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FORBA Research Report 9/2010
March 2010

Research paper for the International Labour Office, Geneva

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CONTENT

<i>INTRODUCTION – WORK SHARING AS A CRISIS MEASURE</i>	1
1. <i>KURZARBEIT IN AUSTRIA</i>	5
2. <i>CHÔMAGE TEMPORAIRE IN BELGIUM</i>	11
3. <i>CHÔMAGE PARTIEL IN FRANCE</i>	18
4. <i>WERKTJDVERKORTING AND DEELTIJD- WERKLOOSHEIDSWET IN THE NETHERLANDS</i>	21
5. <i>CONCLUSIONS</i>	25
<i>REFERENCES</i>	27

ACKNOWLEDGEMENTS

The authors are indebted to the experts in several countries who contributed this paper: Maarten van Klaveren (University of Amsterdam), Hugo Erken (Ministry for Social Affairs and Employment, The Netherlands), André Simon (Ministry for Employment and Labour, Belgium), Guy van Gyes (HIVA, KU Leuven), Sigrid Röhrich (Ministry for Labour, Social Affairs and Consumer Protection). We would also like to thank Jon Messenger from the International Labour Office for his comments and his support.

LIST OF TABLES

Table 0.1:	Measures of short-time work in Austria, Belgium, France and the Netherlands	3
Table 0.2:	Short-time work and involuntary part-time work in Austria, Belgium, France and the Netherlands 2000-2008	4
Table 1.1:	Example of flat rate of <i>Kurzarbeiterunterstützung</i> for a full-time employee (40 hours per week), paid by the Austrian Employment Service to the employer	6
Table 1.2:	Example of flat rate of <i>Qualifizierungsunterstützung</i> for a full-time employee (40 hours per week), paid by the Austrian Employment Service to the employer	7
Table 1.3:	Persons receiving short-time work subsidies, cumulated, by year in Austria	7
Table 1.4:	Persons receiving training while on short-time work subsidies, cumulated, by Year in Austria	8
Table 1.5:	Persons receiving short-time work subsidies in 2009, by age in Austria	8
Table 2.1:	Overview of the new anti-crisis employment measures in Belgium	13
Table 2.2:	Number of temporary unemployment subsidies, yearly averages in Belgium	15
Table 2.3:	Number of temporary unemployment subsidies, yearly averages, by age in Belgium	15
Table 2.4:	Number of temporary unemployment subsidies, yearly averages, in Belgium by region	16
Table 2.5:	Daily rates of temporary unemployment subsidies, per person, in € in Belgium	16
Table 2.6:	Individual working hours reduction (Crédit-temps - reduction of work duties)	17
Table 3.1:	Persons receiving partial unemployment benefits, by year	19

LIST OF FIGURES

Figure 1.1:	Preregistered and de facto subsidised short-time workers in Austria	9
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INTRODUCTION – WORK SHARING AS A CRISIS MEASURE

The European Union Member States have recently introduced a range of measures directly or indirectly aimed at supporting the labour market during recession. These instruments are intended to help avoiding mass dismissals and minimising the firing and (re)hiring costs for businesses. One type of measures is intended to maintain employment, they have a preventive character in that they aim to keep people in employment by, for example, supporting companies or providing income support for workers who have accepted pay cuts to safeguard their jobs (Messenger 2009: 589).

Work sharing falls into this category of measures which has to be distinguished from measures to create employment and measures which support individuals in case of redundancy. Work sharing as a measure to combat the consequences of the economic crisis, such as rising unemployment, has become very widespread in Europe and other industrial countries in the course of recent months and can be described as the most comprehensive and important measure for cutting working hours in Europe in the last 10 years. The widespread approval for work sharing is related to the fact that it reduces personnel costs while at the same time the employees remain available for an economic upswing. For the workers affected, work sharing offers at least a temporary maintenance of employment and income, even if the reduction in working hours leads to real pay cuts. Apart from this, work sharing protects at least temporarily against the stigma and social isolation associated with (long-term) unemployment. Accompanying this, in many countries financial support has been introduced for employees in work sharing or for companies with work sharing measures. Some of the instruments were adapted in order to deal with the needs of companies and employees in the crisis. This also affects the countries investigated: Austria, Belgium, France and the Netherlands. Other countries that have previously not had this kind of model have introduced it in the course of the economic crisis (European Foundation for the Improvement of Living and Working Conditions 2009).

At first glance the work sharing measures appear similar; nevertheless, the countries apply them differently. Even a glance at the county-specific descriptions of the models makes it clear that there are differences. Austria and the Netherlands, for example,

speak of short-time working (*Kurzarbeit* and *Werktijdverkorting*) and Belgium and France call it temporary or partial unemployment (*chômage temporaire* and *chômage partiel*). Also, these countries differ in regard to the role the respective regulations play in the ensemble of labour market policy instruments. While in Austria and the Netherlands short-time work had always been a marginal phenomenon until the current crisis, France and Belgium have a long tradition regarding their models of temporary and partial unemployment. But while the French version is aimed at overcoming unexpected difficulties in the short term, the Belgian version is intended to act as a buffer, easing the impact of the business cycle on employment (European Foundation for the Improvement of Living and Working Conditions 2009).

There are essential differences between the models in the following points:

- the limitation of the groups entitled (which employees, which companies)
- the preconditions at company level (turnover trends, measures during short-time working)
- the type and extent of public financial support (wage subsidy payments are paid directly to the employees in the form of unemployment pay for the missing working hours or are paid as a subsidy to the employer).
- the length and period it can be claimed for.

The following table shows the essential cornerstones of the measures in Austria, Belgium, France and the Netherlands (Jørgensen 2009; European Foundation for the Improvement of Living and Working Conditions 2009; Deeke 2009; Council of the European Union 2009). In all the measures outlined it is a case of amendments of existing laws carried out in the course of the crisis.

The second table presents the number of people in work sharing and involuntary part-time work and their share in the labour force in the four countries from the year 2000 to 2008, according to the OECD. Due to methodological reasons, these figures may differ strongly from national statistics. Since the OECD-data is based on EUROSTAT surveys, and does not differentiate between the various reasons and forms of involuntary underemployment or work sharing. We try to supply national statistics on benefit

recipients, where available, in the presentation of the respective national programmes below.

Table 0.1: Measures of short-time work in Austria, Belgium, France and the Netherlands

	Name	Eligibility	Type and extent of support	Duration
AT	Short-time work (Kurzarbeit)	All employees, including temporary agency workers, except apprentices, CEOs and board members; other possibilities have to be exhausted first, such as use of overtime and holiday entitlements, or working time accounts	Compensation of the income loss by the employer of at least the level of unemployment benefits (about 55% of the net wage) plus sickness and retirement insurance and family allowances if applicable. support is increased by 15% if the employer offers training.	6 months, possibility of extensions by additional max. 6 months, maximum 24 months, if application is accepted before 12/2010
BE	Temporary unemployment (<i>Chômage temporaire</i>)	Employees, including temporary agency workers and workers on fixed-term employment contracts; in some cases only blue-collar workers.	Maximum 75% of the last income, depending on family status, up to a gross monthly wage of €2,206.46.	Complete unemployment for a maximum of 1 month, partial unemployment for a maximum of 12 months
F	Partial unemployment (<i>Chômage partiel</i>)	All employees, including part-time workers, temporary agency workers and those on fixed-term employment contracts, if their employer has a decrease in sales of at least 50% in case of short-time work. All employees in case of temporary lay-off.	The employer pays 75% of the hourly gross wage for non-worked hours at a minimum of €6.84 an hour; the state pays SMEs €3.84 and large companies €3.33 per hour and worker. In case of a company closure of more than three months, employees are entitled to unemployment benefits.	Six consecutive weeks, in total 1000 hours per employee a year (can be prolonged by additional 6 months).
NL	Short-time work (<i>Werk-tijdverkorting</i>) until the end of March 2009, partial unemployment thereafter	No temporary agency workers; employers have to undertake training of the staff on short-time work.	70% of the wage for the non-worked hours	Maximum of 15 months

Reference: (Jørgensen 2009; European Foundation for the Improvement of Living and Working Conditions 2009; Deeke 2009; Council of the European Union 2009)

Table 0.2: Short-time work and involuntary part-time work in Austria, Belgium, France and the Netherlands 2000-2008

		Austria	Belgium	France	Netherlands	EU 15	EU
2000	in 1,000 employees	8.1	10.7	58.3	-	619.1	1,069.8
	share in labour force	0.2	0.2	0.2	-	0.4	0.5
2001	in 1,000 employees	4.0	18.2	56.1	-	569.9	1,025.7
	share in labour force	0.1	0.4	0.2	-	0.3	0.4
2002	in 1,000 employees	15.1	33.2	113.6	92.9	1,049.6	1,652.9
	share in labour force	0.4	0.8	0.4	1.1	0.6	0.7
2003	in 1,000 employees	14.0	36.8	150.4	96.2	1,071.8	1,526.1
	share in labour force	0.4	0.8	0.6	1.1	0.6	0.6
2004	in 1,000 employees	20.1	29.9	172.2	94.7	1,209.0	1,748.7
	share in labour force	0.5	0.7	0.6	1.1	0.7	0.7
2005	in 1,000 employees	30.4	27.0	212.6	99.1	1,194.9	1,710.9
	share in labour force	0.8	0.6	0.8	1.2	0.7	0.7
2006	in 1,000 employees	45.6	22.3	143.5	93.7	1,181.5	1,689.2
	share in labour force	1.1	0.5	0.5	1.1	0.6	0.7
2007	in 1,000 employees	38.6	14.9	144.2	95.1	1,123.7	1,623.6
	share in labour force	0.9	0.3	0.5	1.1	0.6	0.7
2008	in 1,000 employees	43.0	18.4	56.3	105.4	1,088.9	1,583.2
	share in labour force	1.0	0.4	0.2	1.2	0.6	0.6

Reference: (OECD Stat Extracts 2009b; OECD Stat Extracts 2009a)

1. KURZARBEIT IN AUSTRIA

Short-time work in Austria is based on a social partner agreement and means a temporary reduction of normal working time (*Normalarbeitszeit*). It was first introduced in 1934, since 1949 it exists as an instrument of labour market policy in Austrian Law, but has only played a marginal role until recently. It was initially designed as an instrument to avoid lay-offs in cases of unforeseen and temporary declines in production due to incidents such as interruptions of transport lines, accidents, strikes in supplying plants, or natural disasters. Its purpose therefore is solely the preservation, and not the creation of jobs (Fuchs 2009).

Entitled to the measure of short-time work are all employers except the state (*Bund*) and its federal states (*Bundesländer*), municipalities (*Gemeinden*), associations of municipalities (*Gemeindeverbände*) and other corporate bodies under public law, as long as their employees are affected by a reduction of working time which causes a loss of earnings. While initially the eligibility for *Kurzarbeit* was restricted to senior blue-collar workers, reforms between 2000 and 2008 successively expanded its applicability to all staff, including temporary agency workers. Exempted from short-time work are apprentices, CEOs and board members (AMS Österreich 2009a; BMASK 2009).

Short-time work in Austria is approved for 6 months at first, but can be prolonged for 6 months at a time, maximal up to 18 months. As a measure to combat the current crisis, enterprises commencing short-time work until the end of 2010 may provisionally even extend it up to 24 months (AMS Österreich 2009a; BMASK 2009).

There are several conditions a company has to fulfil to be entitled to introduce short-time work: The organisation has to suffer from temporary economic difficulties due to factors external to the enterprise. This does not include seasonal effects or “normal” variations of natural factors, e.g. bad weather in the construction sector. The Employment Service has to be informed about economic difficulties 6 weeks before the implementation of short-time work and 4 weeks before prolongation (this is not necessary in the case of a natural disaster). A formal application must be submitted at least three weeks before the start or prolonging of short-time work. All other options for support have to be considered before and discussed between employer, works council

and social partners. The reduction of working time during the period of short-time work has to be at least on average 10% and not more than 90% of the normal working time, or, in the case of part-time work, of the defined working time. Additionally there has to be an agreement between social partners on specifications of short-time work, in particular about the scope, the timeframe, and the preservation of the employment relationship during short-time work and afterwards (*Behaltefrist*). Social partners also agree on further training and qualification during short-time work.

For every reduced hour the employer pays *Kurzarbeiterunterstützung* to the employee. If some time is used for training he/she pays *Qualifizierungsunterstützung* instead. The Austrian Employment Service (AMS) replaces the employers' costs for *Kurzarbeiterunterstützung* and *Qualifizierungsunterstützung* with an hourly flat rate. The hourly flat rate for *Kurzarbeiterunterstützung* is orientated on the unemployment insurance's expenses for unemployment benefits and social insurance contributions that would arise instead. Decisive are the normal working time (*Normalarbeitszeit*), the monthly gross wage plus social insurance contributions before short-time work and the number of children. The hourly flat rate for *Qualifizierungsunterstützung* contains a supplement of 15% for additional expenses due to training measures. The employer has to pay increased social insurance contributions; they are replaced by the Employment Service after 6 months of short-time work.

Table 1.1: Example of flat rate of *Kurzarbeiterunterstützung* for a full-time employee (40 hours per week), paid by the Austrian Employment Service to the employer

monthly gross wage incl. special payment		Flat rate for each cancelled working hour: <i>Kurzarbeiterunterstützung</i>					
from	to	no child	1 child	2 children	3 children	4 children	5 or more children
2,071.48	2,109.99	7.55	7.80	8.04	8.28	8.52	8.76

Reference: (AMS Österreich 2009b)

Table 1.2: Example of flat rate of *Qualifizierungsunterstützung* for a full-time employee (40 hours per week), paid by the Austrian Employment Service to the employer

monthly gross wage incl. special payment		Flat rate for each cancelled working hour: <i>Qualifizierungsunterstützung</i>					
from	to	no child	1 child	2 children	3 children	4 children	5 or more children
2,071.48	2,109.99	8.77	9.05	9.33	9.61	9.90	10.18

Reference: (AMS Österreich 2009b)

Before 2008, main reasons for *Kurzarbeit* were floodings in 1997, 2002, and 2006, as well as the negative effects of 9/11 on the tourism industry in 2002. The number of benefit recipients varied between 480 (2004) and 5.746 (2002) per year between 1997 and 2007. The onset of the crisis in 2008 led to the reforms mentioned above, which transformed the rarely used instrument of *Kurzarbeit* into one main pillar of the government's strategy to combat unemployment. Subsequently, the number of employees benefiting from the programme rose to ca. 8.000 in 2008 to be followed by an explosion to ca. 60.000 in 2009 (BMASK 2009: 51; AMS 2010; BMASK 2010).

Due to the structure of the Austrian economy, the financial crisis affected (beside the financial branch) mainly the industrial, export-orientated sector. Since industrial labour in Austria is still heavily dominated by male workers, around 80% of workers registered for short-time work in 2009 are male.

Table 1.3: Persons receiving short-time work subsidies, cumulated, by year in Austria

	2007*	2008	2009
Male	n.a.-	7.088	49.374
Female	n.a.-	1.067	10.066
Total	782*	8.155	59.440
Costs (€, total)	388.000*	1.008.000*	250.000.000**

Source: (AMS 2010), *(BMASK 2009), **federal budget estimates

Table 1.4: Persons receiving training while on short-time work subsidies, cumulated, by Year in Austria

	2007*	2008	2009
Male	n.a.	3	2.271
Female	n.a.	4	266
Total	n.a.	7	2.537

Source: (AMS 2010)

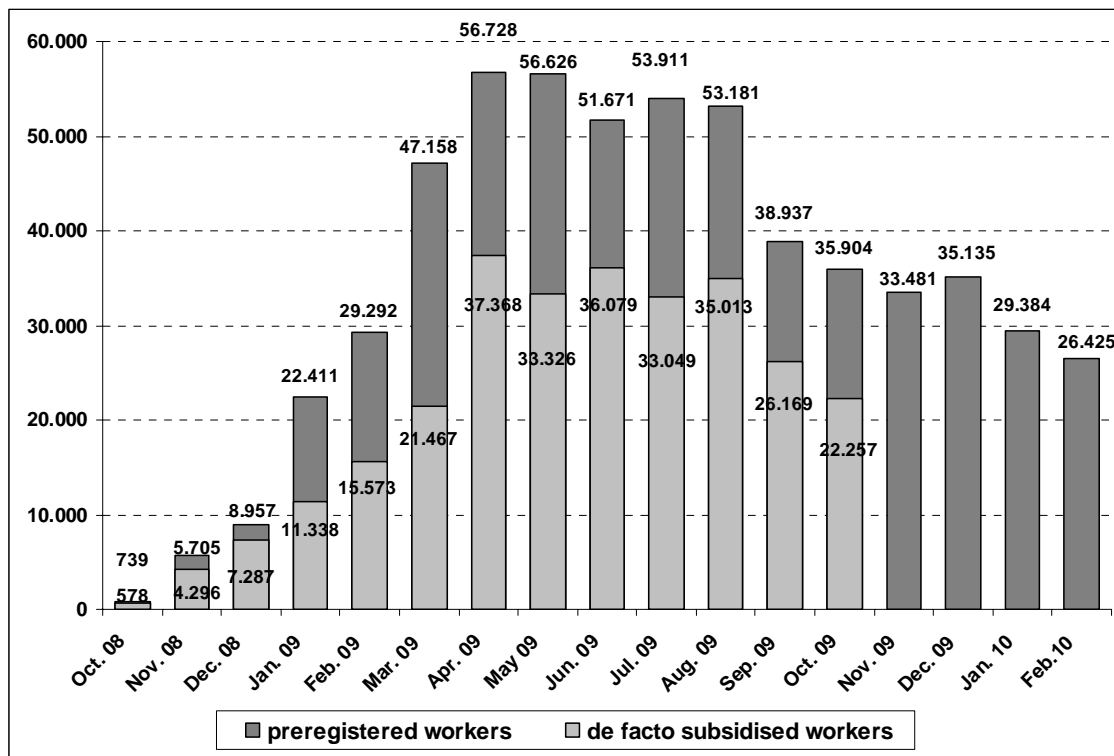
Table 1.5: Persons receiving short-time work subsidies in 2009, by age in Austria

<25	26-50	>50
6210	43.163	11088

Source: (BMASK 2010)

The following table gives an overview of the number of workers who were preregistered for short-time work in Austria and those who actually were in short-time work between October 2008 and February 2010. From November 2009 on, there is no data on *de facto* accounted workers in short-time work available yet.

Figure 1.1: Preregistered and de facto subsidised short-time workers in Austria



Source: (BMASK 2010)

The duration and extend of short-time work varied strongly in the course of 2009. The climax was reached in April with 56.728 employees preregistered for short-time work. By December, 35.135 employees from 253 enterprises remained listed. The average proportion of de facto accounted short time workers of all preregistered workers is 64%. It was highest in December 2008 (81%) and lowest in March 2009 (46%). On average a company using this measure has 118 workers in short-time work, which reduced working time on average for 25%. 20% of all employees were involved in training measures during short-time work within the illustrated period (BMASK 2010).

Based on these assumptions, the Austrian Institute of Economic Research estimates a total of 8.400 Jobs preserved by short-time working. In addition to qualification measures such as *Bildungskarenz*, the estimated reduction of unemployment would amount to 12.700 jobs saved. Beside this preliminary assessment, no evaluation of the effects of short-time work has been conducted in Austria so far (Mahringer 2009).

The expenditures for short-time work were negligible before 2008. For 2009 the Federal Ministry of Labour, Social Affairs and Consumer Protection (BMAŠK) expects costs of roughly 250 Mio. € These costs are part of the stimulus packages to combat the financial crisis (Schratzstaller 2009: 589). As far as currently known, not the full estimated budget for short-time work will be used. To be on the safe side companies tend to preregister more people for short-time work than they actually need in the end. This concerns especially some large companies which preregistered several thousand workers and have actually used short-time work at all only modestly or not at all.

2. CHÔMAGE TEMPORAIRE IN BELGIUM

Like most European countries, Belgium had a model of short-time working already a long time before the current global economic crisis: temporary unemployment for blue collar workers. Compared to the other countries in this report, the Belgian *chômage temporaire* was the most widely used programme.

Temporary unemployment means that the work duty is reduced or temporarily suspended while the worker remains employed by the company and is entitled to a replacement payment, the temporary unemployment benefit. The replacement rate is 70 or 75% of the previous gross wage – up to a certain level -, depending on the family situation. Temporary unemployment may be justified by technical accidents, *force majeure* or economic reasons. The last mentioned may be a reduction in the company's turnover or orders which is, however, not specified in any detail by the law. The system is also called 'partial unemployment' because workers alternate between days or weeks of work and days or weeks of unemployment. The unemployment spell is limited to four weeks which, however, can be repeated after one week of work. The measure is very flexible because the employer only has to notify the public employment agency seven days in advance – no approval is needed. Up to 2009, temporary unemployment for economic reasons was limited to blue collar workers, students doing manual work and temporary agency workers (Conseil Supérieur de l'Emploi 2010).

In reaction to the crisis the Belgian model was adapted: First, the well established temporary unemployment scheme was modified by increasing the maximum amount of income related transfer payment in case of temporary unemployment for blue collar workers. It was raised from 1.250 Euro to 1.650 Euro per month. In addition, the worker receives a premium of 200 Euro a month from the employer. Second, new forms of short-time working were introduced which include white-collar workers who had not been entitled to temporary unemployment. These measures were agreed on in April 2009 and applied at first for the period between 1 July 2009 and 31 December 2009. An extension until 30 June 2010 passed Parliament in December 2009. The measures were preceded by negotiations between the social partners concerning the extension of the temporary unemployment scheme to white-collar workers. However, the negotiations

collapsed and, as a reaction, the new models were introduced by the government (Van Gyes 2009a; European Foundation for the Improvement of Living and Working Conditions 2009).

Even before, companies took recourse to other schemes to be able to reduce working hours in particular of white-collar workers in order to safeguard employment. The 'time credit scheme' which is intended to improve the work-life-balance by supporting individual working hours reductions was widely used as an anti-crisis measure at company level (Van Gyes 2009b). The government initiative was based on both the time-credit policy and the temporary unemployment scheme and introduced, in 2009, three new forms of short-time working (European Foundation for the Improvement of Living and Working Conditions 2009; Service publique fédéral Emploi 2009; Conseil Supérieur de l'Emploi 2010):

- Temporary collective reduction of working hours: This measure is open to all companies. The company is supported by a cutback of the social security contributions. This cutback is increased if short-time working is accompanied by the introduction of a four-day week.
- Temporary individual reduction in working hours ('crédit-temps de crise'): If the company is in difficulties, i.e. suffers a reduction of turnover of 15% (since 1 January 2010, previously 20%), and is covered by a collective agreement the workers are entitled to a larger allowance as compared to the 'normal' time –credit scheme.
- Temporary or economically conditioned unemployment for white-collar workers: Companies in difficulties may use the temporary unemployment scheme also for white-collar workers if they reduce the working hours at least by two days a week. The duration is limited to 16 weeks in case of a full suspension of work duties or to 26 weeks in case of a partial suspension.

The white-collar unions put down the introduction of the new models as a success, as it made it possible to preserve white-collar status. In addition it was possible to agree a guarantee that the measures are extended to 2010 at the latest. However, it is expected that by 2010 significant advances in the harmonisation of the employment status of white-collar and blue-collar workers will have been made (Van Gyes 2009a).

Table 2.1: Overview of the new anti-crisis employment measures in Belgium

	Temporary collective reduction of working time	Temporary individual reduction of working time	Temporary unemployment
Measure	Reduction in working time by one fifth or a quarter	Based on existing time credit scheme – parties decide to reduce working time by mutual agreement	Collective, total or partial suspension of employment contract
Conditions	For all employees or a specific category of employees	Company in financial difficulties; Working time reduction by one fifth or half for a minimum period of one month and up to a maximum period of six months; Normal conditions of the time credit scheme do not apply – temporary reduction of working time is not considered an employee's right in this case; Applicable to full-time employees only	Company in financial difficulties; White-collar workers (measure already exists for blue-collar workers); Applicable to a certain number of employees and only after exhausting their recuperation days; Total (during all days of the week) or partial (at least keeping two working days a week) suspension of employment contract for a period of at least one or two weeks and up to a maximum of 16 or 26 weeks a year
Procedure	Company collective agreement	Consent required by employee in the form of an agreement between the worker and the employer; Collective agreement at sectoral level before 1 June 2009; if none exists, collective agreement at company level or a company plan approved by an ad hoc commission (the latter must contain measures for maintaining a maximum level of employment); Several further technical conditions	Collective agreement at sectoral level before 1 June 2009; if none exists, company collective agreement or company plan approved by an ad hoc commission – both must provide information on the employment level maintained, the duration of suspension and the fee to be paid by the employer; Unemployment Office and employee must be informed seven days prior to implementation
Employee compensation	Monthly compensation paid by the employer for reduced wages in the case of working time reduction: - by one fifth – a	Allowance paid by the National Employment Office (<i>Rijksdienst voor Arbeidsvoorziening/Office National de l'Emploi</i>) Working	Compensation paid by the Auxiliary Unemployment Benefits Fund (<i>Caisse auxiliaire de paiement des</i>

	minimum of €150 - by a quarter – minimum of €187.50; Limit: the wage and compensation combined must remain below the employee's last full-time wage; These amounts are increased by €100 if a four-day working week is implemented	time reduction: by one fifth €188 (€248 when the worker is aged 50 years or over), by half €442; The employer can pay an additional compensation; however, this is not compulsory Limit: the wage and allowance combined must remain below the employee's last full-time wage	<i>allocations de chômage/Hulpkas Voor Werkloosheidsuitkeringen, CAPAC/HVM</i>) for each day of suspension amounting to: 70% if cohabiting, to 75% if single or main family breadwinner) of the worker's gross wage which is limited to a maximum of €2,206 a month; The employer can pay an additional compensation that is equal to the compensation granted by an employer to blue-collar workers receiving unemployment benefits in the case of a total suspension of an employment contract due to economic difficulties
Employer benefit	During working time reduction, the employer benefits from a reduction in social security contributions: by €600 a quarter if working time is reduced by one fifth, by €750 a quarter if working time is reduced by a quarter; These amounts are increased by €400 if a four-day working week is implemented		

Reference: (Van Gyes 2009a)

In the course of the crisis, the number of workers in temporary unemployment nearly doubled, from 120.000 in 2006/2007 to 210.000 in 2009 (yearly average). On its peak in March 2009, 313,000 workers received subsidies for partial unemployment. The number of white-collar workers receiving temporary unemployment benefits remained limited reaching its peak of 9,000 in November 2009 (Conseil Supérieur de l'Emploi 2010: 30). The most important increase of temporary unemployment was registered in the manufacturing industry which in August 2009 accounted for half of all workers in temporary unemployment. The vast majority of temporary unemployment benefit

recipients is male: In 2009 on average, nearly 172.600 men and only 38.300 women were covered by the scheme.

During 2009, the average duration of partial unemployment was about 89 days. The costs of the programme surpassed in 2009 the mark of 1 billion Euros, more than doubling compared to 2008.

Table 2.2: Number of temporary unemployment subsidies, yearly averages in Belgium

	2007	2008	2009
Male	97,738	108,362	172,578
Female	22,211	26,375	38,287
Total	119,949	134,737	210,865
Days spent on partial unemployment, total	9,365,303	10,132,569	18,905,846
Costs, total	381,410,369	430,637,359	1,052,999,323

Source: (ONEM 2010)

Table 2.3: Number of temporary unemployment subsidies, yearly averages, by age in Belgium

	2007	2008	2009
< 25 a	14,464	16,040	20,854
25-49 a	86,074	96,128	150,217
>= 50 a	19,411	22,568	39,794
Total	119,949	134,736	210,865

Source: (ONEM 2010)

In regional terms, the take-up of temporary unemployment corresponds with the size of the total population of Flanders (about 6.1 million) and Wallonia (about 3.5 million) although the general unemployment rate in Wallonia is more than twice as high as in Flanders. Only the region of the capital Brussels is underrepresented.

Table 2.4: Number of temporary unemployment subsidies, yearly averages, in Belgium by region

	2007	2008	2009
Région flamande	74,956	85,991	138,939
Région wallonne	40,155	43,685	64,802
Région Bruxelles-Capitale	4,838	5,060	7,124
Total	119,949	134,736	210,864

Source: (ONEM 2010)

As described in Table 2.1, the remuneration during partial unemployment varies in line with salary, household size and children. The following table shows the differences by family situation in the daily rates of temporary unemployment benefits.

Table 2.5: Daily rates of temporary unemployment subsidies, per person, in € in Belgium

	Min.	Max.
Family bread-winner	38.75	63.65
Single	32.65	63.65
Single, living in multi-person household	24.40	59.40

Source: (ONEM 2010)

There is no recent study evaluating the effects of the temporary unemployment scheme in Belgium covering the current economic crises. However, an older study (ONEM 2003) found temporary unemployment to be cushioning the effects of an economic recession on employment, as long as the respective economic sector was not in a phase of structural change. If the latter was the case, temporary unemployment was having an additional effect on the rate of unemployment.

The take-up of the temporary individual working hours reduction via the time-credit scheme also increased during the crisis. However, this applies only to the reduction of work duties while the numbers of sabbaticals decreased between 2007 and 2009. In December 2009 the new measure of '*crédit-temps de crise*' was used by 2,574 workers (Conseil Supérieur de l'Emploi 2010: 31).

Table 2.6: Individual working hours reduction (Crédit-temps - reduction of work duties)

Year	Number (average)	Days (total)	Costs (€, total)
2007	100,261	31,152,265	276,555,120
2008	108,526	33,733,488	312,510,372
2009	118,740	36,901,209	349,213,488

Source: (ONEM 2010)

To sum up, the Belgian experience shows a widespread take-up of both well established and adapted or newly introduced anti-crisis measures. In particular, the temporary unemployment scheme (*chômage temporaire*) was used for up to more than 300,000 workers. In 2009, the costs for this type of short-time working exceeded one billion Euro. Negotiations about the extension of temporary unemployment to cover also white-collar workers had failed in 2009. As a consequence, the Belgian government introduced anti-crises measures for white-collar workers based on the time-credit scheme on the one hand and on temporary unemployment on the other. Compared to other countries, there is now a wider variety of options for individual and collective reductions of working time aiming at the protection of employment.

3. *CHÔMAGE PARTIEL* IN FRANCE

In France, the measure to prevent loss of jobs in a severe downturn of the business cycle is called *chômage partiel* (partial unemployment). It can also be used under other exceptional circumstances such as interruptions in the provision of raw materials or energy, disasters or the restructuring of the company. The reduction or suspension of activities has to be both temporary and exceptional. If companies, for such temporary reasons, reduce the level of activity or suspend their activities altogether, the temporary unemployment scheme partly compensates the loss of the employees' salary. The measure thus makes it possible for the company to maintain employment in the case of temporary closures of the company or parts of it or by way of reducing the working hours of the workforce or parts of it.

On the basis of an agreement by the social partners in November 2008, the conditions for partial unemployment were changed considerably at the beginning of the year 2009. Up from that time workers received 60% of their salary for the hours not worked (in contrast to 50% before). The state pays to the company an hourly rate (allocation spécifique de chômage partiel) for the hours not worked which was increased from 2.44 to 3.84 Euro for SMEs and from 2.13 to 3.33 Euro for larger companies. Since April 2009, for employees the hours not worked are compensated at a rate of 75% (60% before April 2009), or a minimum of 6.84 Euro per hour, by the employer. The costs for the company can be reduced by further state support depending on the gravity of the economic situation, the number of avoided layoffs and efforts undertaken in the field of working hours reduction or flexibilisation. The state support can amount to 50%, 80% or, in exceptional cases, 100% of the payment covered by the employer. In addition, the worker receives an allowance paid by the company to bring the income above the monthly minimum wage. Again, this allowance can partly be reimbursed by the state.

After six weeks of total suspension of business activities the workers on partial unemployment receive the normal unemployment benefit even if they are not laid off. However, this is limited to six months after which workers have to be made redundant. Workers may increase their income by taking on additional employment and still keeping the partial unemployment benefit.

The total number of hours for which payments can be made were increased from 600 to 800 per employee, for the textile, clothing, leather and the automotive industries including the subcontractors, the limit was set to 1000 hours per employee in January 2009. In September 2009, the regulations for the latter were expanded to all private economic sectors. Within this quota the support for partial unemployment can be used over a period of six months which can be renewed once resulting in one year in total. In case of a closure of the company the support is being paid for a maximum of six weeks. If a company is not in a position to fully take up its activities after the period of partial unemployment and, as a consequence, layoffs are necessary, severance pay is calculated on the basis of the months of full activity. Partial unemployment can be articulated in different ways with training measures. One option for the workers is to use a training leave (*congé individuel de formation*) which gives them a remuneration of 80% of their net salary which is higher than the partial unemployment allowance.

A temporary work agency may also use the measure of partial unemployment provided that the business relation with the employer company of its worker is put into question.

Partial unemployment was used widely in France before 1996, when it peaked at 1.8 million employees spending a total of 12 million workdays in the programme. With the introduction of the 35 hours-week the numbers significantly declined to around 60.000 employees per year in the early years of 2000. With the financial crisis, the numbers rose again from 44.000 employees in the third quarter of 2008 to 258.000 in the second quarter of 2009, declining again to 143.000 in the third quarter 2009. On its peak in 2009, partial unemployment affected 1% of the total workforce. In 2009, 77.6 million hours were spent on partial unemployment, with estimated costs of 319 million € (Chef d'entreprise 2010).

Table 3.1: Persons receiving partial unemployment benefits, by year

	2007				2008				2009		
	QI	QII	QIII	QIV	QI	QII	QIII	QIV	QI	QII	QIII
Persons (x1000)	85	92	85	51	33	98	44	132	182	258	143
Rate in % of employed persons	0,3	0,4	0,3	0,2	0,1	0,4	0,2	0,5	0,7	1,0	0,6

Source: (INSEE 2010)

Data regarding the job-saving effects of partial unemployment during the current crisis is rare. However, analyses were carried out for previous periods: Calavrezo et al. (2009) investigated the relationship between the short-time compensation programme and the redundancy behaviour of companies between 1996 and 2004. The authors conclude that the participation in the programme does not protect from redundancies. The conclusion is based on findings showing that companies with short-time work are more likely to make workers redundant than companies that did not participate in such a programme while profitability was controlled for. It could mean that both short-time work and redundancies are used to face economic difficulties, that short time work is a policy for establishments in structural decline or that companies use short-time work to calm down social tensions before a planned redundancy scheme. In our view, however, no final conclusions can be drawn from this comparative analysis regarding the job-saving effects within the group of establishments that took part in the programme.

4. **WERKTUJDVERKORTING AND DEELTIJD- WERKLOOSHEIDSWET IN THE NETHERLANDS**

The current policy rules on short-time working (*Werktijdverkorting*) in the Netherlands were originally not intended for economic crises. However, the financial crisis has triggered such a rapid and unexpected decline in the real economy that some companies have found themselves facing dramatic decreases in demand from one day to the next. In order to spare such companies from having to make hasty decisions about downsizing their workforces amidst rapidly changing circumstances, on 30 November 2008 the Dutch government decided to subsidise short-term working for companies whose turnover drops by 30% or more in a period of two months (Extended Special Policy Rules regarding the Prohibition on Short-Time Working 2008; Council of the European Union 2009). This provision is seen as a way of preventing companies from overreacting to the crisis by dismissing personnel who will be needed once demand picks up again.

Employers could apply for a six weeks period of *Werktijdverkorting*, which could be extended three times to a total of 24 weeks. Other characteristics of the special policy rules were for example: several obligations with respect to training, posting, continued payment of wages and the obligation to maintain the contract until four weeks after the short-time working period. The employees received compensation from unemployment insurance for the reduced working hours (*Werkloosheidswet*). In addition, the employees were guaranteed four weeks' protection against dismissal following the short-time working (Council of the European Union 2009). However, these measures were at the cost of the general right to unemployment benefit in the case of unemployment, which has always been heavily criticised by the trade unions. In December 2008, the three trade union confederations and the employers' associations asked the Minister for Social Affairs and Employment to soften the rules for short-time working. The deadline for applications was extended, first to January 15 and then to March 1 2010. In February the Minister announced a further extension and an increase of the budget earmarked for short-time working (Collective Bargaining Newsletter 10/2008, 1/2009 and 2/2009). The short time working arrangement has expired on 21 March 2009.

In the course of the economic crisis, in 2009 a new scheme came into force, now called partial unemployment (*Deeltijd-Werkloosheidswet*), because a new phase in the economic crisis demanded new measures. *Werktijdverkorting* was used to prevent companies from overreacting to the economic crisis. The objective of partial unemployment is different. Partial unemployment is meant to preserve the viability of companies, through enabling them to keep employing the workers that are essential for the company when demand starts growing again. In partial unemployment the regulations regarding the drop in turnover (admission criteria in short-time working) were omitted, and the eligibility tied to consensus between company and employees/labour unions about the necessity of short-time-working for that particular company. Also, partial unemployment permitted companies to reduce the working hours of employees. The employees could apply for unemployment benefit. Agency workers or workers whose contracts will be terminated during partial unemployment are excluded from participating in the scheme. The working hours of the employees can be reduced by a minimum of 20% and a maximum of 50%, for at least 26 weeks. The maximum duration of using partial unemployment is dependent on the number of employees for which partial unemployment is requested. If the share of employees for which it is requested exceeds 60% of the employers' total staff, the duration is maximised on 39 week of duration; if the share is between 30 and 60% the duration is maximised on 52 weeks and a share of less than 30% relates to a maximum usage of 65 weeks. This condition implies that firms have to consider carefully whether they really need partial unemployment, because the inactivity of their employees can't be reversed immediately.

As a compensation, the employees receive 70% of the wage for the missing working hours. The employees thereby lose the remaining 30%, i.e. 15% of their total wage. Companies can decide to supplement the compensation up to 100% of the wage. Apart from this, hours spent in *Deeltijd-Werkloosheidswet* are subtracted from the accumulated rights to an unemployment benefit (Grünell 2009).

The partial unemployment scheme met union resistance. Some unions demanded that employers should supplement workers' unemployment benefits to 100% of the former wage. In many company agreements trade unions could reach additional employers'

payments (Collective Bargaining Newsletter 4/2009 and 5/2009). The scheme was introduced as a temporary measure and later on prolonged several times. Financial constraints played a role. The Minister of Social Affairs and Employment announced a halt of the measure because of the reserved Euro 375 million had been spent. Following protests, a prolongation of the scheme, however with tighter conditions, was announced (Collective Bargaining Newsletter 6/2009). Yet, between June 23 and July 20, 2009 employers could not apply for partial unemployment.

The trade unions demanded additional compensation by the employers in order for the workers to achieve a 100% wage compensation, which had a frosty reception from employers. In addition they demanded that the companies guarantee employees at least six months' protection against redundancy following the short-time working. This goes beyond the government's demand of three to five months' protection against redundancy. Apart from this, it is demanded that the periods of unemployment are credited for pension rights (Grünell 2009).

In this connection the Ministry for Social Affairs and Employment has set up a telephone hotline to help inform and mediate between the parties at company level. Disputes are taken to the Labour Foundation (*Stichting van de Arbeid, STAR*), but until now less than 10 cases were submitted. If no solution can be found there, then the minister decides. STAR has also developed guidelines for the new scheme. These say that works councils cannot refuse reducing the working hours solely on the grounds that the company does not supplement the compensation up to 100% of the wage. In response, companies are not allowed to rule out additional payments in the run-up to negotiations. The question, as to whether or not additional payments are to be made, may thus not be a precondition for negotiations (Grünell 2009).

In *Werktijdverkorting* and *Deeltijd-Werkloosheidswet* it is obligatory that people should be involved in training measures. Employers can claim special financial assistance with training if they offer their employees further training. (European Foundation for the Improvement of Living and Working Conditions 2009).

Recently, the Ministry has prolonged the partial unemployment again, till 1 July 2011. The scheme may end earlier than that, however, if the amount of 70 million Euros that

has been earmarked is exhausted. The prolongation was seen as necessary as to support those sectors that have been confronted with the effects of the crisis in a later stage, like the construction and metal industries. As a result, firms that have not received any support according to the *Deeltijd-Werkloosheidswet* or *Werktijdverkorting* in the past can continue to apply beyond the 1st of April. At the same time the final date of closing *Deeltijd-Werkloosheidswet* has been set at the 1st of July 2011 (65 weeks after 1st of April). So even firms that applied for support in November 2010 (for 30% of their staff) can only use it until 1st of July 2011. In addition, the firm is obligated to arrange (external) training of employees on partial unemployment.

In a policy announcement sent to parliament on 12 March 2010, additional information on the gross effects of partial unemployment is given. It shows that 912 firms have used short-time working and approximately 40,000 employees were involved in partial unemployment in January 2010. A representative study among employers in the Netherlands in 2009 shows that employers are most familiar with *Werktijdverkorting* (68%) and *Deeltijd-Werkloosheidswet* (78%) among all policy measures aimed at tackling the crisis (Intomart 2010). Both measures are used quite modestly (partial unemployment: 3%, short-time working: 5%), but firms that do use either of the measures are quite satisfied with them. 78% of the firms that use *Werktijdverkorting* value this instrument as being adequate or even good. This percentage is 91% among users of *Deeltijd-Werkloosheidswet*.

The Dutch Ministry of Social Affairs and Employment (*Ministerie van Sociale Zaken en Werkgelegenheid*) is currently setting up an evaluation study of both short-time working (*Werktijdverkorting*) and partial unemployment (*Deeltijd-Werkloosheidswet*). The aim is to measure the net effects of both instruments by conducting a quasi experiment, but according to the Ministry it is still too early to judge if this is possible at all. As short-time working has already been closed for quite some time now, they are positive that results on the net effectiveness will be ready in summer 2010. Regarding *Deeltijd-Werkloosheidswet*, however, the story is different. This crisis measure will continue ultimately until July 2011. Therefore, any evaluation study will have to encompass a much longer time period.

5. CONCLUSIONS

In this paper we have presented the work-sharing policies in Austria, Belgium, France and the Netherlands. In all four countries previously existing measures were adapted in response to the economic crisis. Although ‘short-time working’ was used in all these countries to protect jobs and to prevent unemployment the actual measures differ considerably – as do the adaptation measures taken in the years 2008 and 2009. While the significance of work sharing as an anti-crisis policy is underlined by the generally enormous increase in the take-up, the numerical importance differs markedly between the countries. Belgium stands out with a very widespread use of temporary unemployment, a well established measure in labour market policy.

In Belgium and the Netherlands the work-sharing measures became a bone of contention in the debate between interest groups and the government. In Belgium the issue was the harmonisation of employment status of blue collar and white collar workers, in the Netherlands the social partners concordantly and repeatedly asked the government for adaptations and extensions of short-time working support. The available budget limited the number of workers benefiting from the measures. In contrast, in Austria the budget that was earmarked for short-time working in 2009 was not exhausted because the actual take-up only reached some 65% of the preregistered company demands.

The Belgium but also the Austrian examples show that not only collective measures such as short-time working are used to reach work sharing in a crisis situation. Individual measures, that were designed to support workers taking leave for training or other purposes, were also frequently taken up by companies to avoid layoffs. In Belgium, individual working time reduction schemes were used as a basis for the extension of the temporary unemployment measure to white-collar workers. In Austria, a rarely used training leave scheme became more popular because of the crisis.

Overall, the findings show that work-sharing measures were crucial to the countries’ response to the crisis in spite of considerable variation in the take-up. Unfortunately, there are no recent evaluation studies on the impact of work sharing on employment.

Only rarely assessments have been made by experts in the countries under investigation. While work sharing is judged positively by many observers the detailed effects of the recent adaptations of work-sharing measures will only become visible in one or two years time.

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