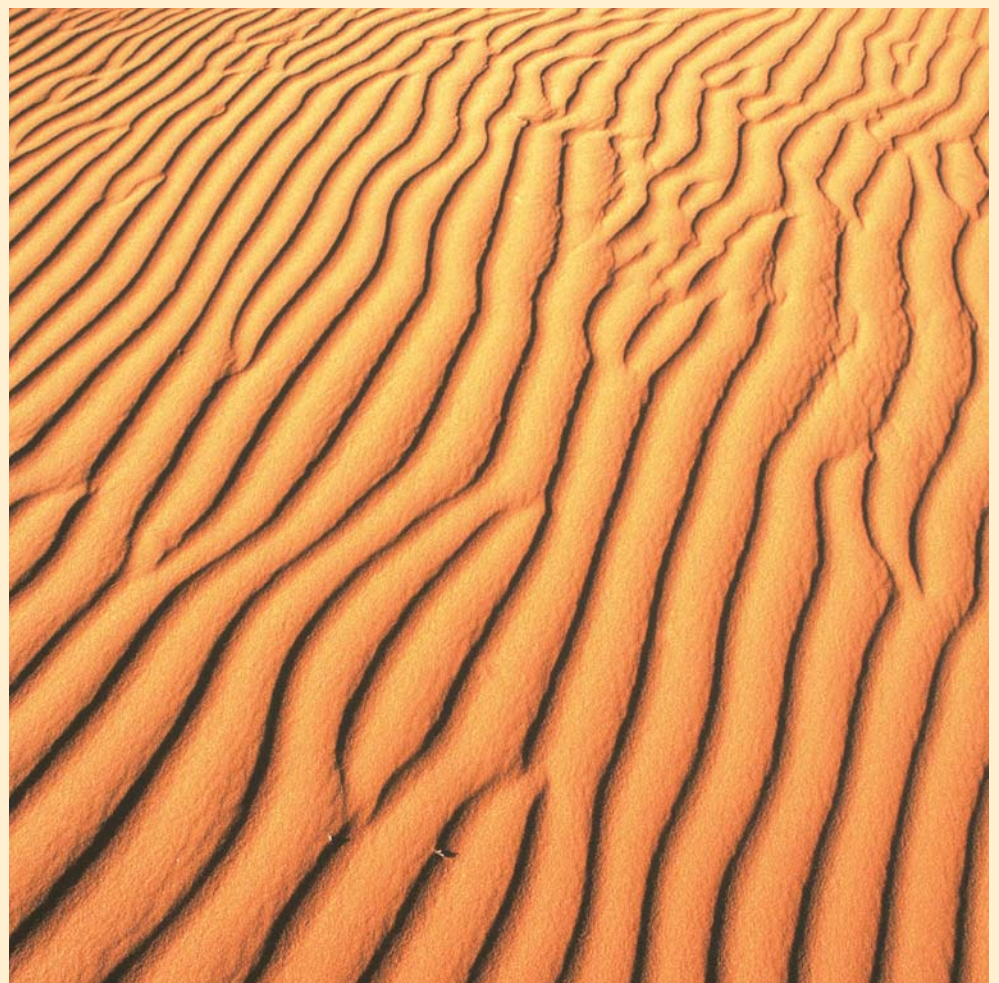




Working time options over the life course: Changing social security structures



Working time options over the life course:
Changing social security structures

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Foreword

How can employees manage better the conflicting time constraints which surface in the middle of their life (the so-called 'rush hour of life') – time for having and raising children, caring for dependants, investing in lifelong learning, building a house and progressing in their career? How can they avoid a further shrinking of their working life as a result of later entry into and earlier exit from the labour market, with the ensuing negative consequences for their quality of life and for the economic sustainability of social security systems?

With the Lisbon Agenda, the European Union has committed itself to a fundamental reform process. This includes, among other things, a restructuring of its labour markets, social security systems and working time regimes. In the light of this policy orientation, the Foundation has undertaken an exploration of the implications arising from such a re-shaping of time, income and social security provisions over an individual's life course.

A life course policy perspective explores the possibilities of saving and spending time and income over the life course, with the possibility of shifting larger amounts between various life phases. Additional policy instruments cover tax, education, housing and training. Using this life course approach, it is possible to develop more sophisticated and targeted policies to cope with new and diverse work biographies through a restructuring of working time arrangements and related income and social security provisions.

It is clear that a life course approach can open up a new intellectual arena for a discussion of the reform of labour markets and social security systems within the remit of the Lisbon Agenda. We trust that this report can add some substance to the on-going debate on the necessary social innovations in European societies at the beginning of the third millennium.

Willy Buschak
Acting Director

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Introduction

This report contributes to the ongoing debate on necessary social innovations in European societies at the beginning of the third millennium. One new idea centres on the development of an analytical and normative life course approach and the development of integrated life course policies in Europe. This issue has been taken up in the context of a research programme initiated by the European Foundation for the Improvement of Living and Working Conditions (hereafter called 'the Foundation') on 'A new organisation of time over working life' and the possible positive repercussions on the quality of life of employees in Europe. The specific focus of this report is on institutional arrangements of available working time options and their effect on the social security system.

Policy context

Within the Lisbon Agenda, the European Union (EU) has committed itself to a fundamental reform process. This includes, among other things, a reform of its labour markets, social security systems and working time regimes. The reform process is accompanied with hopes, but also with a degree of anxiety and uncertainty:

- hopes to adapt the basic principles of the European social model of solidarity, social justice and competitiveness to the challenges of EU enlargement, globalisation and increased competition, demographic change, an emerging knowledge society, a feminisation of employment, and more pluralistic and individualistic life styles;
- anxiety and uncertainty with regard to an increasing risk of unemployment and, in particular, frequent and/or long-term unemployment, income poverty, deprived living conditions and social exclusion.

European policymakers are nowadays confronted with the twin challenge of increased complexity of the necessary reform agenda and reduced room for manoeuvre of public policy. The latter is mainly due to the enhanced influence of multinational companies operating in worldwide integrated markets for goods, services and capital, as well as the extent of public debts accumulated in many developed countries after World War II. Within the discourse on the reform agenda, this report provides a contribution on one important aspect – the development of a new time and working time policy over the life course.

In such a situation, public policy is looking for intelligent inputs to the social reform agenda, aiming at a win-win-win scenario for employees (citizens), companies and the state. Inputs to this agenda should provide:

- sustainable solutions based on a holistic and analytical approach, recognising the important role of time and creating an early warning system for unintended effects;
- realistic and effective policy proposals that increase the room for manoeuvre of the welfare state by achieving high levels of employment, financial sustainability of the social security system and reduction of public debt;
- visible prospects of improving the quality of life of people in active employment by combining more effectively demands from paid work with demands from private life during the whole life course;

- a 'new deal' combining sufficient flexibility and competitiveness of companies with higher levels of flexibility and employment/income security for workers.

Responding to this agenda, some 'think tanks' and forward-looking decision-makers in government and social partner organisations around Europe have discovered (or rediscovered, in some cases) the usefulness of an analytical life course approach and of integrated life course policies for the reorganisation of time, income and social security provision over the life course. This life course approach is seen as an instrument to increase an understanding of complex and dynamic processes in the labour market and its long-term interrelation with the social security system over the whole work-life biography.

Using this life course approach, it is possible to develop more sophisticated and targeted policies to cope with new and diverse work biographies through a restructuring of working time arrangements and related income and social security provisions. It provides preventive and holistic policies giving a positive input to the protracted reform debate in Europe, which is often accompanied by defensive 'status quo' thinking and worries about the future of a solidarity-based European social model. Thus, a life course approach can open up a new intellectual arena for a fruitful discussion of the reform of labour markets and social security systems within the remit of the Lisbon Agenda.

The life course perspective

The life course perspective, rooted within very different academic traditions, is an analytical framework that aims to highlight the developmental and dynamic components of human lives, institutions and organisations. One of the main features of the life course approach is to acknowledge the crucial role that time (in its various dimensions) plays in the understanding of individual behaviour and structural changes in society. Another important dimension of the life course approach is its attempt to take a holistic view, in that the analysis no longer focuses on specific events, phases or demographic groups as being discrete and fixed, but rather considers the entire life trajectory as the basic framework for policy analysis and evaluation.

Hence, to take a life course perspective is to acknowledge that time and history are core concepts and that individuals, households and institutions are subject to change over time. It is also a way of recognising that time is a social construction and that both the collective representation of time and the way in which modern societies shape the sequence and timing of major life events (such as education, employment, marriage, childbirth, retirement) are rooted in existing social norms, values and the prevailing institutional structure. The major implication of such an approach is that life courses are both individually and socially constructed and therefore subject to historical change.

In addition, a life course perspective supports an integrated policy approach on, for example, work-life balance – one that goes beyond a specific life phase perspective or an approach focusing solely on the work-family interrelation. Such a policy covers the whole life course and should integrate all relevant life domains (including initial education and training, lifelong learning, care for children and older people, voluntary work, etc). It considers the possibilities of saving and spending time and income over the life course, with the possibility of shifting larger amounts

between various life phases. Additional policy instruments cover tax, education, housing and training. The overarching logic of this life course approach suggests a general policy shift to more preventive and enabling policies, instead of reactive and passive income-support policies.

The report focuses within this wider framework on the important aspect of the reorganisation of time, income and social security provisions over the life course. It responds to challenges for policymakers by providing innovative solutions to vigorously discussed policy issues, including:

- How to enable employees to better manage conflicting time demands in the middle of their life course (the so-called ‘rush hour of life’) for having children, caring for dependants, investing in lifelong learning, building a house and starting a career?
- How to avoid a further compression of the working life course through later entry into and earlier exit from the labour market, and its negative impact on the quality of life of employees and on the financial sustainability of social security systems?
- How to respond to the higher participation of women in paid employment and the de-standardisation of the ‘male breadwinner’ model?
- How to reform working time options in order to support new work biographies more effectively?
- Identifying to what extent the current patterns of labour market integration and working time profiles over the life course affect the sustainability of social protection systems, and how to adapt these systems to the new demographic and socio-economic constraints?
- Identifying to what extent the national design of the social protection system (in terms of incentives and disincentives) establishes different incentive structures for households’ patterns of labour market integration and working time profiles over the life course?
- How to respond to the growing heterogeneity of life styles, individual needs and preferences in the wake of the individualisation process, coupled with more erratic employment trajectories, and how to avoid the outcome of collective policies and public interventions becoming less predictable, more complex and uncertain?

The current reforms of the social protection systems of EU Member States – particularly the various reforms of pension systems initiated in several European countries and the EU employment strategy as designed during the Lisbon, Stockholm and Barcelona summits¹ – are primarily intended to cope with the imbalances mainly by influencing labour supply, time and income allocation over the life course. One of the major objectives of these reforms is to increase the overall employment rate, which, among other things, requires an increased participation of female workers and older workers. In several Member States with traditional gender divisions of labour, such a policy has to be complemented by a proactive policy that allows men and women to better balance their work and family commitments and enables older workers to remain in employment.

¹ More explicitly, the four pillars adopted as guidelines for the employment policy in Luxembourg (1997), in particular the issues related to employability, adaptability and gender/equal opportunity. The conclusions adopted during the Lisbon Summit (2000) clearly linked the economic and social development of Europe and the enhancement of its international competitiveness to the development of a knowledge-based society. The guidelines adopted during the Barcelona Summit (2001) were to increase the employment rate of men and women. These documents highlight the prominent role that time allocation plays in the development of a knowledge-based society (noticeably through the concept of lifelong learning) in a context of changing work organisation and ageing of the European population, as well as the necessity to rethink the gender roles in a context of changing family structures.

In this report, much emphasis is placed on empirical evidence of the effect of working time options over the life course and their impact on social security arrangements. Two main dimensions are covered – the effect on an individual’s income and social protection, and the effect on the financial sustainability of the social protection system.

The concept of the life course perspective is not new within the social security debate; in fact, it has played an important role since the 1960s. However it has recently regained attention in the context of demographic change, changing work biographies and the discussions on a new organisation of time (and income) throughout working life.

Some of the European Commission’s more recent strategies and publications explicitly or implicitly take up the life course perspective. For example, highlighting such concepts as lifelong learning and active ageing, the Commission’s 2003 text on guidelines for the employment policies of Member States (referring also to the joint report from the Commission and the Council, *Increasing labour force participation and promoting active ageing*, adopted on 7 March 2002), states: ‘This requires developing comprehensive national strategies based on a life course approach’.

Seen from the employee’s perspective, it is crucial to look at the long-term effects of time options and time arrangements (e.g. the impact of working time changes, of voluntary or involuntary interruptions in the employment career, of unpaid work) on the actual state and the further development of his or her social protection. Spending a certain period of time in a flexible or part-time job might have hardly any impact on one’s social protection in one country, but may have a great impact in another country. Moreover, within one single country, it might not leave any trace in some employees’ social protection, but might lead to dead-end roads and poverty for other groups of employees. Only when the dynamic dimension of time is included in the analysis does the impact of different time arrangements on one’s social protection become obvious. Hence, the reforms of social protection systems ought to consider the diversity in the patterns of labour market integration over the life course and the uneven distribution of risks, by limiting the cost of necessary work interruptions linked to parenting and care activities, or involuntary employment disruptions such as unemployment, disability or sickness.

Key objectives of report

The objectives of this report are threefold:

- Firstly, relevant working time options are described and analysed. Working time options are the prevailing institutional and legal possibilities (e.g. statutory regulations, collective agreements, etc) to opt for various working time patterns, such as reduced full-time hours, part-time work, extended leave for family or educational reasons, and flexible arrangements including working time accounts. Working time options are taken up and applied by households and companies within their working time arrangements. The report distinguishes between working time options relevant for specific life phases and those relevant for several life phases or for the whole working life course. In addition, it identifies a design of working time options conducive to an employee perspective.
- Secondly, the report examines working time options and their effect on income and social security of the individual or family. Three groups of relevant issues are discussed: interruption of work biography, reduced working hours and flexible working schemes.

- Thirdly, focus is placed on the financial sustainability of social security systems and the interrelationship with individual or combined working time options. The analysis follows the same logic as in the second step.

The final part of the report provides a summary of the main results and elaborates a series of policy implications.

Data and methodology

This study focuses on a sample of six European countries – France, Germany, the Netherlands, Spain, Sweden and the United Kingdom. These cover a wide spectrum of the potential societal systems, with variations in labour market characteristics, welfare state regimes, gender relations, level of participation and working time patterns. As the selected countries diverge significantly in terms of social protection systems, working time and gender regimes, they illustrate the impact of the institutional structure on the gender division of paid work and income development over the life course.

In order to properly identify the current patterns of working time options, working time arrangements and income development over the life course, the report provides an analytical framework of household types based on a mix between ageing and changes in household composition (marital status, parental status). This sequencing of major life events makes it possible to visualise and identify major transitions over time and therefore to compare the patterns of labour market integration, working time arrangements and income developments over the life course. The current situation of these different households is compared using harmonised cross-sectional data taken from the ECHP.² The cross-country variations in the life course profile of employment trajectories and working time patterns can then be related to the prevailing legal, institutional and social framework, with a particular focus on gender, working time and social protection regimes, as well as on companies' human resource management strategies.

In order to limit the number of cases, the countries are sometimes clustered into broad 'employment' and 'welfare state' regimes, taking into account the regulations of working time (part-time, career breaks, etc) and the legal possibilities of redistributing working time and income during different life phases. Analysing the extent of labour market integration over the life course across different employment and welfare state regimes might be a good way of isolating the role of the overall institutional framework on time and income distribution over the life course. By linking the various regulatory and social protection systems to the country's current time allocation patterns, it is possible to assess the impact of the overall institutional framework on time allocation over the life course.

This methodological choice has consisted of selecting a range of household categories coinciding with different transitions and phases in the life course, namely:

- transition out of the parental home and entry into the labour market (young single people without children);

² Longitudinal data that takes into account past events ('event history') as well as the current situation is required for some types of life course analysis, but not for the focus of this study. This methodological issue is discussed further in Chapter 1.

- union formation (cohabiting couples without children);
- parenting (differentiating couples according to the age of children);
- mid-life ‘empty nest’ period (middle-aged couples without cohabiting children);
- elderly phase and exit out of the labour market (couples older than 60 years of age).

Although this simulated life course approach is not longitudinal and is mainly based on the last available data from the European Community Household Panel (ECHP) in 2000,³ it can serve as a heuristic device and a first approximation to identify cross-country differences in the patterns of labour market transitions and integration over the life course, and to assess the influence of the societal context on the prevailing gender division of labour. However, one needs to be cautious in interpreting the results and to bear in mind the usual drawbacks associated with cross-sectional analysis, in particular the difficulties of disentangling age, group and period effects.

Life course analysis requires a careful and explicit treatment of stages and critical events. As mentioned previously, the growing heterogeneity of individual trajectories makes it increasingly complex to analyse the life course in a consistent and predictive way by using a predetermined sequence of life phases.

In its initial formulation, the traditional family cycle approach coincided with a historical period characterised by an apparent homogeneity and stability of household behaviour regarding household formation and development over the life span (Glick, 1947). The normative dimension of the family cycle approach also corresponded with norms and values dominantly prevailing during the 1950-60s in Western countries. This conceptualisation of life course, which assumes a ‘natural sequence’ of predetermined stages in a family’s progression from marriage to widowhood, as well as its focus on the ‘nuclear family’, has been increasingly criticised. Recent developments – such as the increase of consensual unions, growing instability of marriage, increasing importance of reconstituted families (step-families and also cohabiting couples with children from previous unions) and lone-parent households – clearly reveal that household composition and the timing of transitions are social constructions and, therefore, subject to historical change, and that the traditional family cycle approach suffers from serious conceptual drawbacks.

Despite its limitations, the variant and extension of the traditional family cycle model used in this study presents some advantages in a cross-country comparative perspective. The schematic representation of the life course is based on a sequence of stages related to household formation and transformation over the life course. The report distinguishes eight major life stages:

- young childless single people (under 36 years);
- young couples (women under 40 years old) without children;
- couples with pre-school children (under seven years old);
- couples with the youngest child aged between seven and 12 years;
- couples with the youngest child aged between 13 and 17 years;
- couples with cohabiting children older than 18 years;

³ In a prior analysis, two years of the ECHP (1995 and 2000) were selected and compared, but the differences in the patterns of labour market integration and income development were not significant.

- mid-life couples without cohabiting children ('empty nest'), women older than 40 and under 60 years old;
- older couples without cohabiting children, where both spouses are older than 60 years.

Overview of Foundation research into the life course

The 2001–2005 Foundation project, *A new organisation of time over working life*, has looked into the development of an analytical life course approach with the aim of defining an integrated life course policy. When it concludes, the work will have resulted in the publication of four reports.

The first phase of the research produced a report entitled *A new organisation of time over working life* (Naegele *et al*, 2003). This report placed the debate about the new organisation of individual time within a European policy perspective. It developed an analytical framework for different time options, showing how these can contribute significantly to a better quality of life. Giving an overview of innovative developments in selected EU Member States, it focused in particular on time policies in the Netherlands and Denmark.

The second phase of research generated two reports. The first is the present report, which analyses the institutional arrangements of relevant working time options from a life course perspective and their effects on social security arrangements.

A second report (the third in the series) will also be published, and will provide concrete examples of the new organisation of time throughout working life by analysing different innovative work biographies and new company practices which have responded to the challenge.

Finally, to complete the research, an integrated report will present a policy-oriented summary based on the first three reports and on other relevant research results in the field.

Welfare state regimes and working time options

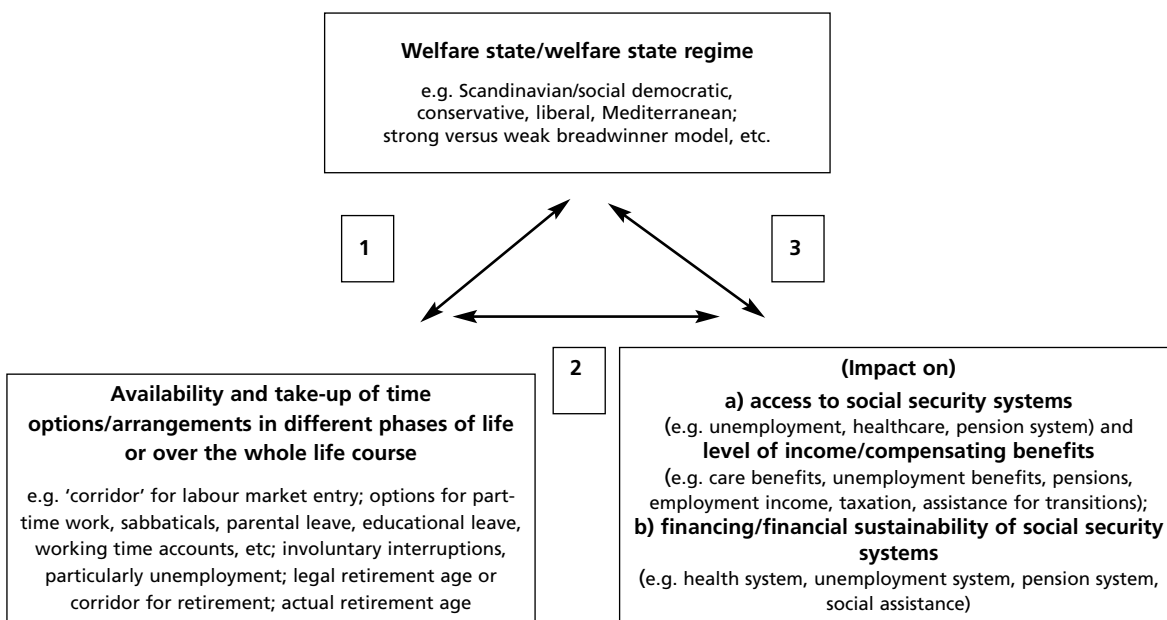
The following discussion aims at investigating time options and arrangements over the life course against the background of existing social protection schemes. An attempt is made to answer the question whether typical patterns can be found in different welfare state regimes and which regimes seem to be more favourable in terms of a new, more flexible organisation of time over working life. The discussion starts with a description of the general relations between welfare states, working time options/arrangements and social security. This is followed by an examination in which working time options/arrangements, as well as some relevant labour market indicators, are linked to the different European welfare state regimes.

Different welfare state regimes

The relationships between working time options/arrangements and social security differ from country to country. The field to be analysed can be described as a triangle, as illustrated in Figure 1.

As regards the different countries and the time options they offer (relation 1 in Figure 1), this topic is central to Chapter 2 of this report in which the relation between countries and the take-up of different time options is discussed in detail. To illustrate 'relation 1' of Figure 1, Tables 1–8 analyse different options and arrangements according to welfare state regime.⁴ The selection of data is based on the assumption that, besides the existence of and individual access to working time schemes and exit schemes, additional factors must be examined. These factors include the general (and gender-specific) employment and unemployment rates, and the way in which young people entering the labour market and older people close to retirement are integrated into the workforce, as well as 'enabling' factors for employment, such as childcare facilities.

Figure 1 Working time options and social security in different welfare states



Source: Authors' illustration.

⁴ Following the typology of Esping-Andersen (1990), with later extension to include the Mediterranean type.

As Tables 1–8 reveal, the different welfare state regimes show remarkable differences as far as the labour market integration over the life course is concerned. It can be assumed that a part of the cross-regime disparities can be ascribed to institutional factors, such as the existence of leave options and the availability of childcare (see also Klammer and Daly, 2003; Anxo, 2004).

Scandinavian welfare regime

As Table 1 shows, in the EU Member States belonging to the Scandinavian welfare state regime (i.e. Sweden, Denmark and Finland, and to some extent the Netherlands), a high labour market integration of the male and in particular female workforce over the whole period of working life is characteristic (employment rate of about three-quarters of all citizens aged 15-64 years). This aligns with relatively low unemployment rates (2002).⁵ A high proportion of young people (15-24 years) are integrated into the labour market, particularly in Denmark and the Netherlands. Among Swedish, Danish and Finnish couples, less than one in five households are one-earner households. Except for the Netherlands, part-time rates are moderate, and part time usually means ‘long’ or ‘regular’ part time (i.e. not a ‘marginal’ or ‘short’ part-time job with a small number of working hours).

Table 1 Employment, gender models of working time and childcare provisions in the Scandinavian welfare state regime

Employment rates (% of population 15-64 years) (total/male/female, 2002) and unemployment rates (% of labour force 15+ years) (total/male/female, 2002)	Average usual working hours of full-time/part-time employees	Average age and flexibility of labour market entry; youth employment rate (15-24 years, 2002)	Average age and flexibility of labour market exit; (average retirement age, 2001; employment rate 55-65 years, 2002)	Dominant gender model(s); working time arrangements of working age couples (men FT/women FT; m FT/w PT; m FT/w inactive)	Coverage of public childcare (children less than three years/children between three years and school age, in %, 2000)
Employment rates: high for both sexes SE: 74/75/72 DK: 76/80/72 FI: 68/70/66 NL: 74/82/66 Unemployment rates: low, but high in FI SE: 5/5/5 DK: 5/4/5 FI: 9/9/9 NL: 3/3/3	Full-time: below EU average (39.1) Part-time: SE and FI above EU average (19.5) SE: 37.2/22.3 DK: 37.5/18.5 FI: 37.2/20.6 NL: 37.3/19.2	High/early labour market integration of young people in DK and NL, moderate in SE and FI SE: 43 DK: 64 FI: 41 NL: 70	Average retirement age moderate, but high labour market integration of elderly workers in SE and DK Average retirement age: SE: 62 DK: 62 FI: 62 NL: 61 Employment rate 55-64 years: SE: 68 DK: 58 FI: 48 NL: 42	Two-earner household; low gender gap; in NL, 1.5 earner model, high gender gap. SE: 43/27/17 DK: 55/22/13 FI: 55/9/18 NL: 16/38/36	High coverage for children three years and older, except for FI; coverage for small children far above European average in SE and DK, but very low in NL SE: 48/80 DK: 64/91 FI: 22/66 NL: 6/98

Countries: Sweden (SE), Denmark (DK), Finland (FI), Netherlands (NL, mixed system)

Looking at the institutional factors, generous leave schemes and a high coverage of public childcare obviously belong to the enabling factors of ongoing participation in the labour market, particularly

⁵ In Finland, unemployment is higher and the employment rate somewhat lower.

for women. Within the former 15 EU Member States (EU15), Denmark and Sweden are the leading countries in the field of public childcare for small children (under three years old). All Scandinavian countries provide parental leave options beyond maternity leave, ranging from 13 weeks in the Netherlands to 18 months in Sweden. All countries give parents some flexibility as to when they want to take parental leave (e.g. until the eighth or ninth birthday of the child) and they allow the combination of parental leave with part-time work.

As Table 2 shows, another particularity of the Scandinavian welfare state regime (especially Sweden and Denmark) is that it tries to encourage fathers to take parental leave (through ‘daddy days/months’, etc). All countries provide further exit options for care to cover emergencies, such as care for sick children or dying family members. The Scandinavian countries also have exit schemes (regulated at different levels) that allow workers to take time off for training or for personal reasons.⁶ Working time accounts and other flexible working time schemes are quite widespread. At the upper end of the working life, it is remarkable that the actual retirement age is relatively high in the Scandinavian countries (62 years; NL: 61 years), compared with most other EU countries, and a high percentage of older people, aged 55–65 years, still work (especially in Sweden).

Table 2 Working time options throughout working life in the Scandinavian welfare state regime

Exit options for care work: maternity and parental leave	Exit options for emergency care and care of elderly people	Other exit options (e.g. for training, leisure)	Part-time options; part-time rates (% of total employment) (total/male/female, 2002)	Flexible distribution of working time, working time accounts
<p>Maternity leave: in all countries. Usually, a part is compulsory. (Maximum) duration in weeks: SE: 12; DK: 52 (including parental leave); NL: 16; FI: 105 days mother, 18 days father.</p> <p>Additional parental leave rights in all Scandinavian countries, usually combined with part-time options and some time flexibility. (Maximum) duration of parental leave: SE: 18 months until child is eight years, two months exclusively for fathers; DK: one year (including maternity leave) until child is nine; FI: 158 days until child is three; NL: 13 weeks full-time or up to six months part-time until child is eight.</p>	<p>All four countries provide short-term exit options to care for ill children (very generous in SE, up to 120 days/year).</p> <p>All four countries have some rights to take time off for severely ill or dying family members (but usually not long term, e.g. up to 60 days/year in SE, up to six months in DK).</p> <p>NL: options for long-term leave regulated in collective agreements.</p>	<p>Leave schemes for several reasons (e.g. for training, leisure) had been introduced in DK, but have partly been abolished again.</p> <p>System of career breaks in NL can be used for training (2-6 months, up to three times).</p> <p>In FI, study leave for employed adults (up to two years), and leave for people changing jobs.</p> <p>In SE, right to unlimited educational leave.</p>	<p>Very high part-time rate in NL, moderate in the other countries (with dominant model of long part time)</p> <p>SE: 22/11/33 DK: 20/11/30 FI: 13/8/18 NL: 44/21/73</p>	<p>In FI and SE, the share of workers with fixed start and end is relatively low (about 60%).</p> <p>In FI, SE and DK, working time accounts are quite widespread; main level of regulation: sectoral agreements.</p> <p>NL: plans concerning more flexible distribution of time over working life.</p>

Countries: Sweden (SE), Denmark (DK), Finland (FI), Netherlands (NL, mixed system)

⁶ In Denmark, however, sabbatical schemes were cut back again in the 1990s when labour shortage became a problem.

Based on the indicators analysed, the following features seem to be characteristic of the distribution of working time in a life course perspective in the Scandinavian welfare state model: a large amount of working hours over the lifetime for both sexes, with early labour market entry and late labour market exit, moderate part-time rates with a focus on long part time, and high continuity in spite of some temporary exit options for care work and training. Compared with other welfare state types, this implies that work is relatively evenly distributed along the lines of sex, age and family type (with some exceptions in Finland because of high unemployment and in the Netherlands because of high levels of part-time work for women).

As far as the institutional background is concerned, generous and flexible leave schemes, as well as a highly developed public sector offering social services such as childcare support, enable the continuing labour market participation of both sexes. Other important elements are individualised tax systems that do not (or only weakly) support the male breadwinner model and (some) universalistic social security benefits based on the idea of citizenship. Some of these characteristics, however, mainly apply to Denmark and Sweden, whereas the Netherlands combines leave options and universal benefits with low public services and ongoing support for the (modified) breadwinner model (see below for a detailed analysis).

Conservative/corporatist welfare regime

If one looks at the EU countries that are usually described as conservative/corporatist welfare states (i.e. Germany, France, Belgium, Austria and Luxembourg)⁷, some differences become obvious when compared to the Scandinavian states, as Tables 3 and 4 show.

On average, the proportion of the population of working age that is actually working is much lower than in the Scandinavian countries. In Germany, France and Belgium, high exclusion through unemployment is one decisive factor. On an age scale, it is remarkable that, on average, young people start their working lives later and elderly people retire earlier. Both features are typical, especially for Belgium, France and Luxembourg. In addition, employment rates for women are much lower than in the Scandinavian welfare states; in Germany, France and Belgium, they are below 60%, compared with more than 70% in Sweden and Denmark. When living with a partner, between one-fourth (Belgium) and one-third (Austria and Germany) of all women are not active in the labour market.

Again, some characteristics of the conservative/corporatist welfare state and regulatory framework can be identified that promote these features of integration/exclusion from the labour market over the life course. A range of push-and-pull factors contribute to part-time work and the discontinuous labour market participation of women. Parental leave schemes, allowing departure from the labour market for up to three years per child (Germany, France and Austria), contribute to this situation, combined with a low coverage of public childcare for small children, particularly in Germany and Austria (but not in France and Belgium).

⁷ In some classifications, the Netherlands is also regarded as belonging to this group.

Table 3 Employment, gender models of working time and childcare provisions in the conservative/corporatist welfare state regime

Employment rates (% of population 15-64 years) (total/male/female, 2002) and unemployment rates (% of labour force 15+ years) (total/male/female, 2002)	Average usual working hours of full-time/part-time employees	Average age and flexibility of labour market entry; youth employment rate (15-24 years, 2002)	Average age and flexibility of labour market exit; (average retirement age, 2001; employment rate 55-65 years, 2002)	Dominant gender model(s); working time arrangements of working age couples (men FT/ women FT; m FT/w PT; m FT/w inactive)	Coverage of public childcare (children less than three years/children between three years and school age, in %, 2000)
<p>Employment rates: for men, a bit lower than in the Scandinavian countries (much lower in BE); for women, much lower than in the Scandinavian countries, in particular in BE and LU</p> <p>DE: 65/72/59 FR: 63/70/57 BE: 60/68/51 AT: 69/76/63 LU: 64/76/52</p> <p>Unemployment rates: high in DE and FR; low in AT and LU</p> <p>DE: 9/9/8 FR: 9/8/10 BE: 7/7/8 AT: 4/4/5 LU: 3/2/4</p>	<p>Full-time: BE and FR below EU average (39.1); LU, DE and AT above EU average.</p> <p>Part-time: DE below EU average (19.5); LU, AT, BE and FR above EU average.</p> <p>DE: 40.9/18.1 FR: 38.6/23.2 BE: 37.6/21.9 AT: 40.9/22.7 LU: 39.9/20.7</p>	<p>In particular in FR, BE and LU, low/late labour market integration of young people</p> <p>DE: 46 FR: 30 BE: 29 AT: 52 LU: 32</p>	<p>Average retirement age low, in particular in BE, FR and LU; low labour market integration of elderly workers.</p> <p>Average retirement age:</p> <p>DE: 61 FR: 58 BE: 57 AT: 60 LU: 57</p> <p>Employment rate 55-64 years:</p> <p>DE: 38 FR: 35 BE: 27 AT: 30 LU: 28</p>	<p>Differentiated working time arrangements of couples, but combination of FT/FT is still rare compared with Scandinavian countries; sequential models for mothers.</p> <p>DE: 26/26/36 FR: 38/19/31 BE: 40/25/25 AT: 36/21/33 LU: n.a.</p>	<p>High coverage for children three years and older in FR and BE; much lower in DE and AT.</p> <p>Low coverage for small children in DE and AT.</p> <p>DE: 10/78 FR: 29/99 BE: 30/97 AT: 4/68 LU: n.a.</p>

Countries: Germany (DE), France (FR), Belgium (BE), Austria (AT), Luxembourg (LU)

Although flexible working time arrangements are quite widespread (e.g. working time accounts in Germany), leaving the labour market sometimes appears to be the only answer for women in reconciling family and work. Another widespread option for women is part-time work: the part-time work rate for women in Germany, Belgium and Austria (not in France) is somewhat higher than in the Scandinavian countries of Sweden and Denmark. However, part time often means short part time in these countries, compared with long part time in the Scandinavian countries. Inactivity or marginal activity of married women is supported by benefits in some social security systems and by the system of joint income taxation, particularly in Germany.

As far as labour market integration along the age scale is concerned, it can be assumed that the relatively high level of regulation and dismissal protection for the core workforce contributes (among other factors, such as prolonged education) to the late labour market entry of younger people. With regard to early exit of elderly workers, a high level of decommodification (i.e. independence from wage income) through social security benefits coincides with the early exclusion from the workforce: elderly workers who become unemployed can often claim unemployment benefits for a relatively long period and pre-retirement schemes still support an early exit from the labour market (e.g. in Germany).

Table 4 Working time options throughout working life in the conservative/corporatist welfare state regime

Exit options for care work: maternity and parental leave	Exit options for emergency care and care of elderly people	Other exit options (e.g. for training, leisure)	Part-time options; part-time rates (% of total employment) (total/male/female, 2002)	Flexible distribution of working time, working time accounts
<p>Maternity leave: in all countries. Level of regulation: European law/national law.</p> <p>Usually, a part is compulsory. (Maximum) duration in weeks: DE: 14; FR: 16; BE: 15; AT: 16; LU: 16.</p> <p>Additional parental leave rights and some flexibility as to when this time has to be taken exist in most 'conservative' countries.</p> <p>Special part-time options for parents in DE and FR; on arrangement with employer in AT.</p> <p>(Maximum) duration of parental leave in years: AT: three; FR: three (flexible); DE: three (until child is eight years); BE: three months until child is four years; LU: first two years</p>	<p>Some regulations (e.g. in DE) to take time off for sick children.</p> <p>In FR, BE and AT, rights to take leave, or to claim part-time (FR and AT), to care for ill or dying family members.</p> <p>No such right in DE.</p>	<p>DE: short-term educational leave schemes regulated by the <i>Länder</i>. Sabbatical models regulated in collective and company agreements; job rotation legally introduced in 2002.</p> <p>FR: legal right to up to one year of time off for training.</p> <p>AT: employees can claim 6-12 months off and use them for education.</p> <p>BE: time credit system (for career breaks up to one year).</p>	<p>Low part-time rate for men, high rate for women (big gender gap); marginal part-time widespread in DE.</p> <p>DE: 21/5 (1998)/36 (1998) FR: 16/5/29 BE: 19/6/37 AT: 20/6/38 LU: 11/2/25</p>	<p>Flexible working time arrangements are particularly widespread in FR and DE.</p> <p>In DE, working time accounts are common (coverage: about 40% of employees), with a growing share of long-term/life-time accounts.</p> <p>Main level of regulation: DE: collective agreements and company-level agreements. FR: law (working time reduction) and collective agreements.</p> <p>Less flexible working time arrangements in LU, AT and BE.</p>

Countries: Germany (DE), France (FR), Belgium (BE), Austria (AT), Luxembourg (LU)

Liberal welfare regime

The so-called liberal welfare states (in the EU15, the UK and Ireland) are well known for their low level of decommodification through social security benefits. This creates a higher obligation to earn one's living by continuous labour market participation throughout the whole time span of working life. Exit options for care work, as well as other interruption schemes, are relatively poor. Tables 5 and 6 show the situation in both of these countries.

The labour market participation of men is high. Women's employment rates, however, are much lower than in Sweden or Denmark. In particular, many Irish women are inactive in the labour market. As the investigation of couples reveals, the traditional role model is still strong in Ireland: almost every second woman (45%) living with a working-age partner is not active in the labour market. British women are much more often economically active, but they often choose a part-time job (44%), many of which are short part time.

Table 5 Employment, gender models of working time and childcare provisions in the liberal welfare state regime

Employment rates (% of population 15-64 years) (total/male/female, 2002) and unemployment rates (% of labour force 15+ years) (total/male/female, 2002)	Average usual working hours of full-time/part-time employees	Average age and flexibility of labour market entry; youth employment rate (15-24 years, 2002)	Average age and flexibility of labour market exit; (average retirement age, 2001; employment rate 55-65 years, 2002)	Dominant gender model(s); working time arrangements of working age couples (men FT/ women FT; m FT/w PT; m FT/w inactive)	Coverage of public childcare (children less than three years/children between three years and school age, in %, 2000)
Employment rates: for men, quite high; for women, much lower than in the Scandinavian countries, in particular in IE. IE: 65/75/55 UK: 72/78/65 Unemployment rates: middle, a bit lower for women IE: 4/5/4 UK: 5/6/5	Full-time: below EU average (39.1) Part-time: below EU average (19.5) IE: 39.0/18.5 UK: 41.0/18.3	Moderate labour market integration of younger people IE: 48 UK: 56	Average retirement age relatively high; moderate labour market integration of elderly workers. Average retirement age: IE: 63 UK: 62 Employment rate 55-64: IE: 48 UK: 54	When living as couples, the Irish gender model is much more traditional (more wives inactive in the labour market) than in UK. IE: 25/21/45 UK: 36/28/26	Comparatively low coverage of (public) childcare for children aged three years and older. For small children, coverage is about 1/3, which is above the EU15 average IE: 38/56 *UK: 34/60 (*England only)

Countries: United Kingdom (UK), Ireland (IE)

Table 6 Working time options throughout working life in the liberal welfare state regime

Exit options for care work: maternity and parental leave	Exit options for emergency care and care of elderly people	Other exit options (e.g. for training, leisure)	Part-time options; part-time rates (% of total employment) (total/male/female, 2002)	Flexible distribution of working time, working time accounts
Maternity leave: in both countries. Level of regulation: European law/national law. Usually, a part is compulsory. (Maximum) duration in weeks: IE: 18; UK: 26. Additional parental leave only in UK and relatively short: UK: 13 weeks until child is five years	In UK, right to take time off for cases of emergency	No legal rights for career breaks for training, etc; only some agreements with the employer/at company level	Part-time rate for men a little higher than in conservative countries. Part-time jobs for women are often short part time. IE: 17/7/30 UK: 25/9/44	In both IE and UK, the share of workers with fixed daily working time is low. In UK, working time accounts are very widespread; in IE, many workers have mutually agreed on self-determined working times. Level of regulation: mostly company or workplace level.

Countries: United Kingdom (UK), Ireland (IE)

Unlike the conservative/corporatist welfare states, the situation in these liberal welfare states is not the result of high financial support for the breadwinner model. Instead, it can be regarded as a common strategy to cope with personal time needs, such as care (the coverage of public childcare

for children aged three and older is far below the European average). As far as the distribution of working time throughout age groups is concerned, the following features become obvious: at the lower age of working life (among young people), labour market integration is much higher than in the conservative welfare states, while at the upper end, people retire on average later than in the conservative welfare state regime. In both Ireland and the UK, young people finish school and their professional education on average earlier than in some of the conservative countries, and social security systems (e.g. the British 'New Deal') focus on the labour market integration of young people. For older workers, early exit options are also very limited because of the existing pensions schemes and the low level of benefits provided for old age.

All in all, the liberal welfare state model shows a concentration of working time on men (similar to the conservative/corporatist welfare state model, but different to the Scandinavian model). However, it does not show the same level of concentration of a person's lifetime working hours on the middle years, the so-called 'rush hour of life' (making it different to the conservative model, but similar to the Scandinavian one).

Mediterranean welfare regime

As far as the Mediterranean welfare states are concerned, several studies have shown that, in many respects, Portugal is a very untypical case, particularly in terms of the (high) level and continuity of female labour market participation and the prevailing gender model. This is reaffirmed by the results shown in Tables 7 and 8.

As far as the other three Mediterranean countries (Italy, Spain and Greece) are concerned, the following working time features are notable. The overall rate of people in gainful employment is below 60% of people of working age and is therefore much lower than in the other three welfare state regimes (Scandinavian, conservative/corporatist and liberal). This results mainly from the very low rate of women in employment (42–44%, depending on the country). Unemployment plays an important role in labour market exclusion in general and particularly for women – in Italy, Spain and Greece, the unemployment rate for women is about twice as high as the unemployment rate for men. Unemployment is also very much centred on young people: in all three countries, the proportion of people aged 15–24 years in employment is far below average (only 26–33%, depending on the country) and far below the average rate of youth employment in the liberal and Scandinavian welfare states. At the upper end of working life, the picture is similar to the conservative countries – only a low proportion of citizens aged 55–65 years are still working (much fewer than in the liberal and Scandinavian countries). Average retirement is also lower than in the latter two welfare state regimes.

As has frequently been pointed out (see, for example, Bettio and Villa, 1998), the Mediterranean countries are still characterised by a relatively traditional gender model. The welfare system relies heavily on the family and in particular on women as providers of care work. The public coverage of childcare to date is quite high in Italy and Spain for children aged three years and older, but it is still far below average in Greece. It is particularly low in all Mediterranean countries for children below the age of three years.

Table 7 Employment, gender models of working time and childcare provisions in the Mediterranean welfare state regime

Employment rates (% of population 15-64 years) (total/male/female, 2002) and unemployment rates (% of labour force 15+ years) (total/male/female, 2002)	Average usual working hours of full-time/part-time employees	Average age and flexibility of labour market entry; youth employment rate (15-24 years, 2002)	Average age and flexibility of labour market exit; (average retirement age, 2001; employment rate 55-65 years, 2002)	Dominant gender model(s); working time arrangements of working age couples (men FT/ women FT; m FT/w PT; m FT/w inactive)	Coverage of public childcare (children less than three years/children between three years and school age, in %, 2000)
Employment rates: Low labour market participation of women (PT is the exception) ES: 58/73/44 IT: 56/69/42 EL: 57/71/43 PT: 68/76/61 Unemployment rates: high (except for PT), particularly high for women ES: 11/8/16 IT: 9/7/12 EL: 10/7/15 PT: 5/4/6	Full-time: except for IT, about EU average (39.1) Part-time: except for ES, above EU average (19.5) ES: 38.9/17.8 IT: 35.0/21.4 EL: 40.2/20.1 PT: 38.9/20.1	Low/late labour market integration of young people (moderate in PT) ES: 33 IT: 26 EL: 27 PT: 42	Average retirement age low in IT and EL, higher in PT; low labour market integration of elderly workers, except for PT. Average retirement age: ES: 61 IT: 59 EL: 60 PT: 62 Employment rate 55-64 years: ES: 40 IT: 29 EL: 40 PT: 51	Wide gap between male and female employment rates; traditional gender model with high percentage of inactive women in couples. Exception: high share of double earner couples in PT. ES: 26/6/60 IT: 30/12/49 EL: 32/9/46 PT: 57/7/27	Very low coverage for small children. Mixed picture for coverage of older children, with very low rates in EL, but high rates in IT. ES: 5/84 IT: 6/95 EL: 3/46 PT: 12/75

Countries: Spain (ES), Italy (IT), Greece (EL), Portugal (PT, within limits)

Table 8 Working time options throughout working life in the Mediterranean welfare state regime

Exit options for care work: maternity and parental leave	Exit options for emergency care and care of elderly people	Other exit options (e.g. for training, leisure)	Part-time options; part-time rates (% of total employment) (total/male/female, 2002)	Flexible distribution of working time, working time accounts
<p>Maternity leave: in all countries. Level of regulation: European law/national law.</p> <p>Long maternity leave in Mediterranean countries. Usually, a part is compulsory. (Maximum) duration in weeks or months: ES: 16 weeks; IT: five months; EL: 17 weeks (more in public sector); PT: four months.</p> <p>Additional parental leave rights exist in all Mediterranean countries; part-time rights for parents in IT and EL. (Maximum) duration of parental leave: ES: three years; IT: 10 months until child is eight years; EL: 3.5 months (two years in public sector); PT: three years.</p>	<p>All four Mediterranean countries provide rights to take some time off to care for ill children.</p> <p>IT and EL have some rights to care for sick or dying adult relatives.</p>	<p>In IT, employees can claim time off for training after some years in company (up to 11 months in working life); some collective agreements provide leave for study reasons.</p> <p>In ES, only public servants can ask for time off for training.</p>	<p>Compared to other EU countries, very low part-time rate ES: 8/3/17 IT: 9/4/17 EL: 5/2/8 PT: 11/7/16</p>	<p>In all Mediterranean countries, the share of employees with flexible working times is low. Working time accounts are rare (but exist a little more often in IT and ES).</p> <p>Level of regulation of flexible working times: sectoral agreements and supplementary company-level agreements in ES and IT; hardly covered by sectoral agreements in EL and PT.</p>

Countries: Spain (ES), Italy (IT), Greece (EL), Portugal (PT, within limits)

All Mediterranean countries have some exit options for parental leave, as well as for emergency care (for ill children; in Italy and Greece also for sick or dying adult family members), but these options are limited given the low coverage of public services. Flexible working time schemes, regulated at the level of collective agreements, have recently increased, at least in Italy and Spain. Part-time options, however, are still lacking. Only about 15% of all working women (less than 10% in Greece) have a part-time job. This leads to a sharp division among women. Whereas younger women or single women without children tend to work full time, a very high proportion of mothers are (at least temporarily) economically inactive: almost 50% of all women in working-age couples (even 60% in Spain) are not working.

In conclusion, the Mediterranean welfare state model has some similarities to the conservative/corporatist welfare states as far as the concentration of working time of prime-age men is concerned. The exclusion of women and young workers is quite visible as a feature in these Mediterranean countries. Unlike the conservative model, there is an additional concentration of female working time: due to a high discontinuity over working life for women living with a partner

(mainly mothers), there is a growing inequality of the working time amount over the life course between mothers/women in couples and other women.

To summarise, as the analysis has shown, the common welfare state regime types reveal specific features of working time options, arrangements and constraints for different age groups and sexes. A detailed analysis is provided in Chapter 2 on the institutional framework of available working time options and their importance for the life course of employees. It will focus on six selected countries (France, Germany, Netherlands, Spain, Sweden, and UK), representing the four welfare state regimes.

Institutional framework for working time arrangements

Although many governmental policies and regulations influence each individual's life course, attempts to develop and implement an explicit life course policy are rather new and rare in Europe. This discussion will examine different institutional arrangements that facilitate or hinder particular working time transitions during the life course, focusing on working time options. These are not always labelled as 'life course policies' (more often they are not) and often originate from other aims, such as employment policies, family policies, the reconciliation of work and family life (care), or flexibilisation of the labour market. The working time options analysed here have been selected because, potentially⁸, they allow individuals to influence their own biographies. These options include the possibility for a temporary reduction or increase in working hours, maternity leave, paternity leave, parental leave, care leave, sabbaticals and career breaks, educational leave, working time accounts and flexible retirement.

These working time options are a part of the social structure in which individuals act and develop their life trajectories in work, family, education and social relations. They give opportunities to make certain choices regarding time allocation between work and social activities (such as care, vocational training, leisure or civic involvement) and set boundaries for those choices. These opportunities occur not only in a factual way (what can or cannot be done), but also in a normative way (which trajectories are considered as legitimate according to societal norms and supported by policies). The institutional framework definitely forms an important context for their past, present and future life course, although individuals should not be seen as passive executors within this institutional and normative environment.

This report analyses the institutional set-up framing working time options in six countries (France, Germany, Netherlands, Spain, Sweden and UK). These countries represent the four dominant welfare regimes in the former EU15. Although one has to appreciate the fact that, in reality, this framework is subject to changes over time and that the life course can and will be influenced by former and also by future working time options, the discussion here focuses on the present situation in these six countries.

The central question is how and to what extent the institutional framework facilitates or hinders different life trajectories and choices during different phases of the life course. The usefulness of the institutional framework of various working time options from a life course perspective depends on their general availability, access for different groups, their content, implementation and level of regulation.

Working time options can be regulated by different actors. It is possible to identify five levels at which the regulation of working time can be initiated and implemented (Anxo and O'Reilly, 2000, 2002):

- supranational level, through the implementation of international regulations, such as EU directives;

⁸ 'Potentially' means in a situation where individuals have all the information and the capabilities to anticipate and exert control on the possible negative and positive impacts of their choices.

- national level, through the application of statutory legislation or collective agreements at national level;
- sectoral level, through collective bargaining applied to a range of companies or sectors;
- company level, through company collective agreements;
- individual level, through the employment contract concluded between an employer and an employee.

The level of regulation⁹ is of great importance because this can lead to differences in opportunities. When the options are regulated at national level through statutory regulation or across-the-board collective agreements, all employees can benefit from them, while collective agreements at sectoral or company level will affect only a certain part of the labour force. Cross-country differences and disparities of working time options between sectors (for example, public or private sector) or between occupational categories are partly related to the prevailing institutional set-up regulating working time.

The following discussion presents a general, descriptive overview of the institutional framework in the six selected countries and of the conditions of use of the different working time options there. Are they subject to decision from the employer or are they a universal right? Are they paid or unpaid and for how long? Is there a right to go back to the same or a similar job? In order to assess the quality of the working time options and the extent to which they facilitate or hinder particular working time transitions during the life course, it is also important to consider their long-term impact. Chapter 3 provides an analysis of the long-term consequences of working time options on the individual's income development and access to social security. Of course, it would also have been relevant to assess whether these working time options entail negative (or positive) consequences on the career development of their users, but this kind of qualitative information is missing. However, Chapter 3 will provide clear evidence of the gender impact of the existence, or non-existence, of such working time options and of their conditions as far as labour market participation and the number of working hours performed are concerned.

Here, the focus is on the potential importance of the available working time options for individuals' life course trajectories. What is their importance in principle for facilitating different life trajectories? Table 9 links the relevant working time options to the different phases and transitions in the life course, using the eight major stages of the stylised life course, as outlined in the Introduction.

From Table 9, irrespective of their conditions, a distinction can be made between working time options that are designed for specific life stages and those that may be used at any time during the working life. Maternity leave, paternity leave and parental leave are restricted to working parents

⁹ Of course, the incidence, coexistence and/or prevalence of each of these levels of regulation varies considerably in Europe. Furthermore, the various levels may be interrelated. For example, the general principles could be defined by law at national level (or supranational, as is the case for parental leave with the 1996 EU Directive), while the conditions of enforcement and implementation are defined at sectoral and/or company level. In this case, which is more and more common in EU countries, reference is made to the term 'dispositive law' (Supiot, 1998): the consequences for the employee who enters into one scheme or another may vary considerably from one country to another, but also in the same country from one sector to another, and even from one company to another. This is why it is important to have a set of individual and universal prescriptive rights that are defined at the supranational or national level.

(with cohabiting children), and only older workers will use flexible retirement. Hence, in some countries, the eligibility right to these working time options is restricted to certain categories of households and to specific life stages, and are also conditional on the approval of the employer.¹⁰ Besides life stage-specific working time options, there are also overarching working time options available during the whole working life course. These include the reduction or increase of working hours, care leave, sabbaticals and career breaks, educational leave, flexitime and long-term working time accounts.¹¹

Table 9 Working time options in relation to life course

	Young single people	Young couples	Couples with pre-school children	Couples with children aged 7-12 years	Couples with children aged 13-17 years	Couples with children aged over 17 years	Middle-aged couples ('empty nest')	Older couples (both over 60 years)
Reduce/increase working hours	+	+	+	+	+	+	+	+
Maternity leave			+					
Paternity leave			+					
Parental leave			+	+				
Care leave	+	+	+	+	+	+	+	+
Sabbaticals and career breaks	+	+	+	+	+	+	+	+
Educational leave	+	+	+	+	+	+	+	+
Working time accounts	+	+	+	+	+	+	+	+
Flexible retirement							+	+

How to judge the significance of a working time option in a life course perspective from an employee point of view? In addition, how to relate the employee perspective to the needs of companies for more flexibility and increased competitiveness, and to the objectives of governments for high employment rates and the financial sustainability of the social security system?

From an employee point of view, individual working time options, their combinations and their relationship with social security arrangements should be based on a new equilibrium between, on the one hand, support for long-term integration or reintegration into paid employment and, on the other, independence from the labour market in certain situations or certain life phases. Within such a framework, individual employees should be protected against unacceptable flexibility, empowered through financial means and given rights to choose desired forms of flexibility. These general principles can be broken down into key criteria to judge the significance of a working time option for employees throughout their life course:

- support for continuity in paid employment;
- protection and help against involuntary discontinuity;
- support for desired discontinuity related to lifelong learning, care and other non-market activities;

¹⁰ For example, in the UK, only parents of children younger than six years old have a right to request a temporary reduction of working hours. There is no guaranteed right. The employer can refuse on many grounds. The only right is that of requesting the reduction and the obligation of the employer to consider this request seriously and provide a written justification of any refusal.

¹¹ In this overview, the Belgian time credit system is not included. It covers more than just parental leave and allows people to withdraw partially or fully from the labour market for a fixed period of time. It is strongly embedded in the social security system.

- effective support in transitions.

Elaborating on these criteria, working time options should have the following characteristics for employees who want to combine paid employment with care responsibilities or other non-market activities:

- be predictable and reliable;
- allow flexibility to deal with unexpected family issues;
- provide options related to a variation of working time duration;
- allow for time-out phases;
- minimise weekend and night work.

The extent to which working time options support continuity and upward mobility in the labour market is important. This includes the long-term prospects of people with atypical employment contracts, such as fixed-term contracts, contracts with temporary agencies and certain types of part-time contracts. The main question is whether these unstable employment conditions lead to dead-end options in the work biography, or whether these conditions provide entry jobs into the labour market combined with positive progress in the work career in the long term. Within the context of this report, the focus will be on part-time work.

An additional aspect of a sustainable work biography in the emerging knowledge society is access to lifelong learning, which improves the individual's employability and supports prospects of continuous employment over the life course. Here, available educational leave and its detailed provisions are examined.

Support for transitions is the final major criterion. In this respect, the discussion here focuses mainly on early and flexible retirement. Early retirement may be useful and necessary for specific groups of workers with demanding (detrimental) working conditions throughout their work biography. In general, however, early retirement leads to a compression of the working life course, with negative effects on personal stress, access to lifelong learning, reduced fertility and loss in personal income. It also has a negative influence on the overall employment level, the utilisation of human capital and the financial sustainability of the pension system. More promising are retirement schemes that provide a flexible retirement age and that enable employees to decide on the timing and conditions of their exit from the labour market.

All of these measures and their effect on employees from a life course perspective have to be measured against the impact on flexibility and competitiveness of companies. The ideal type of working time options has to balance the flexibility requirements of employees and companies, secure employment biographies for employees based on high levels of employability and meet the requirements of companies to grow and survive in increasingly competitive product and service markets. This win-win scenario has to be widened to a win-win-win scenario to include the third party involved – government. Obviously, working time options are strongly related to government interests because they influence the sustainability of social security arrangements, employment levels and available human capital.

The next stage is to describe the content of the working time options available in the six European countries selected for this study and to elaborate on their significance at the different stages and transitions within the life course. At the end of this chapter, the analysis focuses on the quality of the overall institutional working time options within each country, examining the width and depth of the combined arrangements and how they align from a life course perspective.

Life phase-specific working time options

Maternity and paternity leave

Maternity leave is, of course, solely relevant for working women who become mothers. For them, it is of major importance in order to prevent them from involuntarily leaving the labour force. The right to maternity leave is essential in order to enable women to return to their jobs after they have given birth.

All European countries have statutory regulations for maternity leave. In the six countries studied, the leave is shortest in Sweden and Germany (14 weeks), but one has to consider that in these countries long parental leave options exist (see below). In the Netherlands, France and Spain, the duration is 16 weeks. In the event of multiple births, the leave is longer in France and Spain. In Spain, 10 of the 16 weeks may be transferred to the father and it is also possible to spread the leave over a longer period (the last 10 weeks can become 20 by working part time). In the UK, the law has been extended significantly under the Employment Act, 2002: since April 2003, maternity leave is a total of 52 weeks maximum (women with less than six months' service have a reduced entitlement to 26 weeks). Statutory maternity pay is now six weeks at 90% of salary plus 20 weeks at GBP £100 per week plus 26 weeks unpaid. In all countries, the maternity leave of employees is paid, although not always at 100% (Sweden and UK). For self-employed women, specific benefits are sometimes given (Germany, Netherlands and UK). In France, there are specific provisions regulated by their professional organisation. In Spain, self-employed women have the same rights as employees.

Although paternity leave is a sensible option for fathers, the leave is often very brief. While maternity leave is crucial for working women who will become mothers, the importance of paternity leave for the life course of working men is different. In the first place, since men are not the ones bearing and delivering children, there is no physical necessity for them to take a leave of absence. Secondly, the limited paternity leave provisions do not enable fathers to 'grow into their role of caretakers'. The impact of paternity leave for their income, future career or their role as caretakers (combined with that of a worker) is limited both in the short and long term.

In all six countries except Germany, fathers are entitled to paternity leave. It is often of short duration: two days in the Netherlands and Spain (but in Spain part of the maternity leave can be transferred to the father) and 10 days in Sweden. In France (since 2002) and in the UK (since April 2003), fathers can take up to 14 days' paternity leave. The short duration of this leave makes it clear that this provision is not really meant to facilitate the transition to fatherhood.¹² In the

¹² However, the symbolic recent trend observed in some countries of increasing paternity leave (up to two weeks in France and UK) could be a way of creating an incentive for fathers to be more involved in taking a part of the parental leave. From a family policy point of view, paternity leave aims at encouraging fathers to be more involved in the raising of their children.

Netherlands and Spain, the two-days' leave is fully paid. In France, the first three days are fully paid and after that, a daily allowance is granted, which (as for maternity leave) preserves the net income for those fathers whose income is under the social security ceiling. In the UK, fathers receive £100 or 90% of the employee's average weekly earnings if the wage is lower than this flat-rate payment. In Sweden, the compensation level is 80% of the income entitling to a sickness benefit. In Germany, many collective agreements provide two or three days off after the birth for the father.

In all countries, the social partners can increase the length of the leave and the level of payment of maternity and paternity leave. In the UK, many public sector employees are granted improved provisions. Formal improvement is also more likely to be found in large private companies than in small ones (Cully *et al.*, 1999). In a study by the Dutch Labour Inspectorate about the content of collective agreements at the end of 2000, it was found that 8% of these agreements contained provisions about an additional right to extra unpaid maternity leave, varying from an extra two weeks to three months. As regards paternity leave, 15% of the collective agreements increased the length of the leave by a couple of days; in 3% of the agreements, fathers are entitled to take unpaid leave.

What is the life course relevance of maternity and paternity leave? Both working time options have a strong phase-specific effect in modern welfare states. The strongest life course effect is the stabilisation of women's attachment to paid work by giving women a legal right to return to their job after birth. Other conditions of maternity leave, such as length and replacement income, increase the choice of women between returning earlier to work or taking up more care activities for their child. Since maternity covers a fairly short period of time overall, these different conditions have no strong life course effect.

However, good paternity regulations for fathers, providing higher replacement incomes and a longer duration, may have an effect on a higher labour force participation of women. If this institutional arrangement leads to a higher take-up of paternity leave by men, women may interpret this as a signal of greater openness of men to share more equally the burden of childcare through the whole family phase.

Parental leave

In principle, parental leave enables people to combine their role as a worker with that of a parent. For some people (mostly women), this might be a means of keeping their relation to the labour market, whereas without such a right they might quit their jobs, as appears to be the practice in some countries. For others (men), this might persuade them to shift the balance in their life to a combination trajectory instead of a breadwinner one, although this might be only temporary. Compared with part-time work, which often is of a long duration, parental leave is relatively short. The consequences for the life course will therefore be more limited (in terms of present and future income, social security rights and career options), although, similar to maternity leave, parental leave can provide a crucial bridge that improves labour market integration across the life course.

Subject to an EU directive (1996) providing a minimum of three months' parental leave available until the child has reached the age of eight years, this option has progressively been introduced in all EU Member States. Consequently, in the six countries studied, working fathers and mothers are

entitled to parental leave. The quality of this regulation varies greatly between the countries in terms of income replacement and duration of leave. In the Netherlands, Spain and UK, the statutory parental leave is unpaid (and in the case of the UK, has only recently been introduced), while in Sweden, Germany and France, it is partially paid. The duration and flexibility of parental leave also differs between countries, and the extent to which this stage within the life course is facilitated varies greatly.

In Sweden, parents can get partially paid leave (income-related) for a total of 480 days, corresponding to an average of 240 days per parent, with full job security on return. One parent can transfer days to the other parent, with an exception of 60 days. The 480 days can be used on a full-time or part-time basis until the child is eight years old. The level of income replacement depends on the length of the leave. During the first 390 days, an income-related compensation is granted of 80% of the previous earnings (up to a ceiling of €2,600 per month). After that, a flat-rate benefit will be paid (for three months).

In Germany, the duration of parental leave is longer (up to three years), but the income compensation is much lower. A parent can get up to €300 per month following the fully paid maternity leave, but on a means-tested basis. The benefit will be €450 if the parental leave is restricted to one year. Due to the income threshold, in 2001 about 90% of the parents received some benefit and many of them for only half a year, after which the income threshold is lowered again. A recently implemented further reduction of the income thresholds will lead to an additional decrease of eligibility ratios. The parental leave can be taken on a part-time basis (maximum 30 hours' work per week). After the leave, one has the right to return to the same or a similar job.

In France, the basic length of parental leave is one year, with a possibility of extending the leave during two more years, until the child has reached the age of three. From January 2004, parents who decide to stop their activity in order to take care of their child until the age of three years receive a monthly allowance of €340 if the activity is totally interrupted, €219.75 if the activity is half-time or less, and €126.77 if the activity is reduced between 50% and 80% (open to those who have worked two years during the previous period). This allowance comes on top of a universal basic allowance of €160 per month, provided until the child is three years old. Those who prefer to continue to work while breast-feeding their child are entitled to a 'free choice allowance', ranging from €151 up to €354 depending on the household resources. This allowance also comes on top of the universal allowance. At the end of the parental leave, the employee may return to their job again or to a similar one. But, in fact, after three years of absence, poorly qualified women – who constitute the overwhelming majority of the applicants – face many difficulties in re-entering the labour market.¹³

In the other three countries studied (Spain, Netherlands and UK), parental leave is unpaid. Of these three, Spain has the longest parental leave regulation. A parent can take up to one year of leave, with a possibility of extending this to three years after birth, but after the first year, returning to the same job is no longer guaranteed.

¹³ Studies show that men represent only 2% of employees who take up this possibility. The women concerned are mainly blue-collar workers and low-skilled employees (79% of men and 84% of women).

In the Netherlands, both parents have a right to unpaid leave up to a maximum of 13 times the number of their weekly working hours. According to the law, parental leave can only be taken on a part-time basis (maximum 50% of the working week), but if the employer agrees, other options are allowed. The law also says that the leave should be taken in one period of half a year at the most, but again deviations are allowed when the employer agrees. The right to parental leave applies to each child under eight years of age. As in Sweden, parents have full job security on return.

The UK was the last country to transpose into law the EU directive on parental leave. According to the Employment Relations Act (December 1999), parents are entitled to 13 weeks of unpaid leave, to be taken up to five years from the date of the birth (18 years for a disabled child). The leave can be taken in blocks of one week or more, up to four weeks per year. As of April 2003, a new provision exists that gives parents the right to apply for reduced or flexible working hours. Employers are obliged to consider this seriously. Employees retain their employment contract while on leave.

By collective agreements, the social partners can make other arrangements (e.g. on the length and payment of the leave). In Sweden, for example, some employers compensate for the gap between the previous income and the benefits. In the UK, some employers have introduced limited paid leave. In Spain, improvements by collective agreements are rare, but, on the other hand, there are a great number of informal work–family arrangements within companies.

In the Netherlands, many collective agreements contain provisions for parental leave. Research from the Dutch Labour Inspectorate in 2002 shows that 6% of collective agreements have arrangements for partial payment (varying between 25% and 75% of wages). In 20% of collective agreements, a longer leave is made possible (ranging from six months to four years). In 16% of collective agreements, full-time leave is possible, and in 6%, other provisions are made (for example, the possibility of saving for a longer leave period or for payment during the leave). There are, however, also collective agreements that reduce the right to parental leave: 10% contain a limitation on the age of the child (ceiling of four years instead of eight).

The life course relevance of parental leave arrangements depends on several stipulations in the working time options. The bridging between paid work and family responsibilities through parental leave can be provided in two ways: either through the combination of part-time and paid leave, or through a sequential organisation of full-time leave followed by the re-start of paid work. It is important to provide a choice for parents to choose between both models. Existing evidence seems to indicate that a combination model may be less detrimental for the future work career than a sequential practice, which potentially weakens the situation of mothers in the internal labour market (loss of qualification and of informal contacts). This is of particular relevance if, through a close succession of births, women stay out of paid employment for a longer period of time, which may lead to a general detachment from being involved in paid work.

A further stipulation concerns the time period available for parental leave according to the age of the child. In general, longer periods for using parental leave rights provide more flexibility for parents. Replacement income is another factor: higher replacement income increases the choice of employees to avail of parental leave and may influence a more equal uptake between men and women.

Finally, a fixed share of fathers in the total amount of available parental leave may lead to a higher uptake of men, with a subsequent positive effect on the labour force attachment of women. This may also have a positive effect on recruitment practices of companies: the more even the take-up of parental leave between men and women, the less discriminatory will be recruitment practices against women of child-bearing age.

Flexible and early retirement

For employees, flexible retirement schemes can be very attractive, both for people who want to continue working after the legal pension age and for those who want to reduce their working time in advance of their complete retirement. Flexible retirement schemes can, to a certain extent, be linked with working time accounts in case employees anticipate retiring on a flexible basis by saving for this in earlier life phases.

For more than 20 years, early retirement schemes were extensively used in Europe (at one time in France, for example, almost 500,000 persons were involved in such schemes). However, the trend now in Europe is to replace early retirement schemes with flexible retirement schemes. Except for the Netherlands and UK, all countries studied have some statutory regulation for flexible retirement. In Sweden, Germany, France and Spain, employees are allowed to reduce their working hours, combined with some financial compensation. However, most of the current schemes in Europe are used for gradual early retirement and governments also tend to limit the use of these schemes. (In France, the 2003 law concerning pension reform abolished this kind of scheme from January 2005.)

In Sweden, employees aged between 61 and 64 years may reduce their working hours (15%, 50% or 75%) or take early retirement. However, the former, rather generous replacement rates connected with the scheme on flexible retirement (*delpension*) have been eliminated. In addition, the actual pension age has been postponed to the age of 67 years. People aged 61 years or more, who are employed by the government, have the possibility of working part time (50%) and being retired for the remainder.

In Germany and France, a legal framework exists (no statutory right) that has to be agreed by collective agreements. Employees aged 55 years or more may reduce their weekly working hours by 50%. In addition, collective or company agreements can guarantee a higher income and/or compensate for the pension deduction. In Germany, there are many specific regulations at company or sectoral level. At the end of 2001, 666 collective agreements (covering more than 16 million employees) contained regulations for phased retirement. In France, companies have to conclude an agreement with the state in order for the employee to benefit from a wage supplement; in 2001, there were more than 200,000 people on early retirement, 20% of them through a gradual early retirement scheme.

In Spain, a distinction is made between 'partial retirement' and 'flexible retirement'. 'Partial retirement' refers to people who, before or at retirement age, reduce their working time and start receiving pension payments. In this case (for workers under 65 years, who have to be 60 or older and meet the requirements to receive a retirement pension), a 'solidarity contract' (*contrato de relevo*) for the hiring of a young person has to be signed. 'Flexible retirement' is for people who are receiving retirement pensions but who decide to (partially) go back to work. In this case, the

pension is reduced in proportion to the amount of work done. In addition to these schemes, 'early retirement' is regulated in a restrictive way, although companies (especially in some sectors, such as banking) do reach agreements with their workers to pay them, first, unemployment benefits and then compensation until retirement age. No precise statistics exist on this practice, which was significant in some industrial sectors in the early 1980s and continues to exist in certain companies and specific sectors (banking, most notably, as mentioned above).

In the Netherlands, there is no statutory law, but 90% of the collective agreements have regulations for early or flexible retirement, with some financial compensation. Fiscal law facilitates this system.

In the UK, there is no legal framework at all. The government plans to reform the state pension and tax system to remove disincentives to flexible retirement and encourage later retirement, but this will not come into force before 2010. At present, employers are able to use any surplus funds in company pension schemes to fund early retirement schemes. However, their motivation to do so does not have much to do with life course policy, but rather is concerned with reducing their workforce.

There seems to be an emerging consensus in Europe that universal access to early retirement has negative effects from a life course perspective. It leads to a further compression of the working life course, with knock-on effects of increased stress in the 'rush hour of life'. It also reduces the probability of participation of older workers in lifelong learning due to a reduced return on investment of learning and training costs for the individual and for the companies. In addition, universal access has a negative influence on the financial sustainability of the pension and health insurance systems. In this respect, countries that take decisive action to reduce or abolish universal access to early retirement provisions, combined with a preventive health policy for employees, contribute positively from a life course perspective.

However, less agreement exists on access to early retirement for particular groups of employees who have been exposed during their working lives often to extremely demanding physical and psychological conditions (e.g. steel workers, miners, building workers, air-traffic controllers, pilots, soldiers). Trade unions would argue vigorously for the retention of early retirement options for such groups of workers.

As far as flexible retirement is concerned, higher degrees of flexibility are seen in initiatives that increase the choice of employees, on the one hand, and enhance the probability of an on-average later retirement, on the other.

Working time options for the whole life course

Right to reduce or increase working hours temporarily

From a life course perspective, the possibility of reducing one's working hours and starting to work part time can, in principle, be of interest at any stage of the life course. Working temporarily reduced hours can enable people to combine work with education, care or other social activities (leisure, civic involvement, etc); for older workers, it can keep the workload bearable. This option can prevent people from leaving the labour force, which is good for their own present and future income, as well as for their career, and it is also good for society because, as workers, they keep

contributing to the national income. However, as is well known, this option in practice is mainly used by women in order to combine work with motherhood, which leads to inequalities between men and women in terms of income, social security rights and career possibilities. Besides, one should bear in mind that, although the right to work part time can be evaluated in a positive way, part-time work can sometimes be an involuntary choice (e.g. when no full-time jobs are available or because of poor childcare provision).¹⁴

The combination of both the right to reduce working hours and the right to increase them gives workers the flexibility to adapt their working hours to their needs in different stages of the life course. Part-time work can be attractive as a temporary solution to combine labour and other activities, after which one might want to return to full-time work.

Although all six countries studied (with the exception of the UK) have a more or less well-developed statutory regulation on part-time work,¹⁵ there are major differences concerning the possibilities for shifting from a full-time position to a part-time one. The table in the Appendix to this report shows that all six countries have some statutory regulation for the reduction of working hours. An important distinction exists between countries where employees are granted a legal right to reduce their working hours and countries where only a framework exists granting employees the right to request a reduction of working hours. A legal right to shift from a full-time job to a part-time job exists only in Sweden, Germany and the Netherlands. In France, Spain and the UK, employees are merely entitled to submit a request to switch from full-time to part-time work and the employer is bound to consider this request seriously. In France, there are legal regulations governing requests for part-time work for family reasons or governing part-time work at the request of the employee (*temps partiel choisi*), but the employer always has the possibility of refusing this request, although the refusal must be justified (Barthélémy and Cette, 2002). In Spain, the existing regulation on part-time work focuses on the definition of part-time jobs, directives for the content of part-time contracts and the use of so-called 'replacement contracts', intended for partially retired workers (Cebrián *et al*, 2003). In the UK, the right to apply for a reduction of working hours is granted only to parents of children under six years of age or disabled children younger than 18 years.

Sometimes, the right to part-time work, or to ask for it, is limited to certain groups (parents in Sweden and UK) or to workers in certain companies (with at least 10 or 14 employees in the Netherlands and Germany), or it is subject to the acceptance of the employer and the availability of such part-time jobs in the company (in France). In France, the right to ask for part-time work for family reasons is more often found in the public sector, where women are generally entitled to work 80% of the normal working week (free Wednesday, which currently is a day-off for school children).

From a life course perspective, the possibility of moving from part-time to full-time work is as important as a move from full-time to part-time work. Only in the Netherlands does a statutory right exist to increase working hours. In principle, employers have to grant a request from their employees (unless there are major company interests at stake, such as lack of funds). In Sweden

¹⁴ Concerning involuntary part-time work, data from the Eurostat Labour Force Survey show sharp differences between countries. The proportion is highest in Greece, Italy, France and Finland, and particularly low in the Netherlands. The cultural dimension of what is considered as a voluntary or involuntary choice has to be taken into account when looking at cross-national data.

¹⁵ At least referring to the 1997 EU Directive on part-time work.

and France, part-time employees who want to increase their working time have priority over new recruits for similar positions.

In most countries, the social partners can, and do, play an additional role. In the Netherlands, Germany and Sweden, it is common practice that the social partners are allowed to further develop working time regulations. As far as the adaptation of working hours is concerned, Dutch law permits deviation (diminishing of rights) by collective agreements only with regard to the right to increase working hours; the right to reduce working hours may not be affected. A recent inventory by the Dutch Labour Inspectorate shows that two out of the 122 largest collective agreements contained a clause on the reduction of working hours (about the number of times per year a request can be made and about the terms within which employers have to decide on the request). Seven of the agreements included clauses on the extension of working hours, six of them alleging that, in the case of vacancies, part-timers have priority in increasing their working hours.

In Germany, the law states that reasons for refusal can be defined by collective agreement, but the social partners have not done anything substantial with this issue.

In Sweden, the Working Hours Act is optional¹⁶ and can be partly or entirely replaced through collective agreements at sectoral level and/or sometimes at company level. The contractual and negotiated nature of labour market regulation in general (almost 80% or 90% of the legislation is based on collective agreements), and working time arrangements in particular, gives rise to disparities in the negotiated standard (usual) working hours between bargaining areas and also between different categories of employees.

In France, it is up to the social partners (at sectoral or company level) to define the conditions and modes of implementation of the '*temps partiel choisi*' option: these agreements should regulate the procedure that the employee has to follow in asking for this kind of contract and the procedure through which the employer may refuse.

For Spain, it is not known how often collective agreements contain regulations on part-time work. Sometimes, regional laws are implemented, as in Catalonia where civil servants have a right to reduce their working hours without wage reduction in order to care for children younger than one year old. In the case of children under six or disabled relatives or incapacitated elders, Catalanian civil servants may reduce their working hours by one-third or one-fifth, taking a wage reduction of 33% or 20% respectively.

In the UK, working hours are largely regulated through collective agreements, decentralised to the company level.

From an employee's life course perspective, higher degrees of flexibility and of reversibility of daily, weekly, monthly and annual working hours are of great importance. This is probably one of the most important instruments. However, it remains a serious challenge how to combine demands of employee-driven flexibility for reduced and increased working hours over the life course with the

¹⁶ While the law is optional, there are, nevertheless, certain mandatory provisions that apply to the working hours of young people (under 18 years).

demands of companies for more flexible provision of production and services. An equitable universal access for employees over the whole working life course has to be balanced with increased flexibility rights of employers or by a collective and self-regulated adaptation between employees. In any case, the implementation of any flexible arrangement needs professional and effective human resource management within each department and at company level.

Care leave

In principle, the right to care leave can be important for all stages within the life course since employees can always be confronted with sick relatives. One can argue that parents might be faced more often with sick dependants than other workers, but there is always the possibility of other relatives needing care. Compared with the other 'care-related' leave options (such as parental, maternity and paternity leave), care leave can be seen as a provision for more incidental and urgent needs. It can help workers out when they are suddenly confronted with a sick or terminally ill relative. As such, it is of a different nature to parental leave, for which the need is more predictable and can, therefore, be planned in advance.

All six countries under analysis have some statutory regulation for care leave, most often enabling parents to take care of their sick children. Facilities for dependants other than children are not always present.

In Sweden, the law enables parents to take care leave for sick children (60 days per year and per child, up to the child's twelfth birthday and, when the child is disabled, up to 16 years old). Employees are also entitled to leave of absence or reduction of working time to take care of a relative (spouse, parent, sibling or child) who is seriously ill (60 days). The loss of income is compensated in accordance with the replacement rate for sickness benefit. According to another law (since 1998), employees have the right to take unpaid leave for pressing family reasons (such as a relative's sickness or accident).

In Germany, both parents can take up to 10 days' leave per year to take care of sick children. If they have more than one child, they are entitled to 25 days. Single parents have a right to twice as much leave. During the leave, a sick benefit is paid (70% of income). For elderly relatives, there is no statutory right for any type of leave, but a financial compensation is paid by the public care insurance for home care (paid to the person in need of care). There is no limit to the duration of this financial compensation.

In the Netherlands, employees are entitled to paid care leave of twice the number of working hours per week (per year). Thus, an employee who is working full time can take up to 10 days. This leave can be used for necessary care for children, partner and parents. The level of payment is at least 70% of the wage (paid by the employer).

In Spain, care leave is short, but paid. In the case of serious illness of a child or relative, employees have a right to two days of leave, paid in full by the employer, and five days in the event of having to travel to another town. Employees are also entitled to one year of unpaid leave to take care of a relative.

In France, care leave is unpaid. Employees have a right to three days' unpaid leave per year in the case of a child's illness or accident (five days if the child is under one year of age or if the employee has at least three children under 16 years). In addition to this, an employee may take leave or work part time for four months in the event of a serious illness of the child (this can be re-granted twice, up to one year, and the employee is granted a parental presence allowance), or in the event of a terminally ill dependent parent.

In the UK, the regulation for care leave is the most meagre and also rather vague. Employees are entitled to take a 'reasonable amount' of unpaid leave to deal with an emergency or unexpected situation involving a dependant.

Again, it can be said that the social partners can add to the regulations, but how often this really happens is not known for most countries. For the UK, a survey by the Chartered Institute of Personnel and Development shows that the proportion of member companies offering some form of leave to care for older relatives rose from 15% in 1999 to 27% in 2002.

What is the life course relevance of existing arrangements of care leave? Care leave has the important function of combining paid work and care responsibilities for women, who are the ones mainly availing of care leave. This function can be best served if it provides leave for caring for children as well as for dependent elderly relatives. Demand for care of older people will increase dramatically with the changing demographic structure of increased longevity (more need for care) and reduced fertility (less potential carers). Good part-time options have to be regarded as the closest functional equivalent to care leave. High flexibility, longer duration and relatively high replacement income provide conditions supporting the take-up of such leave, by leading to more sustainable work biographies for women. Cost distribution (individual employer or the state) will play an important role in order to avoid discriminatory recruitment practices of women.

Sabbaticals and career breaks

The need for a sabbatical or a career break can, in principle, be felt at all stages of the life course, although less often at the beginning and end of the working life. A provision for sabbaticals and career breaks is especially relevant to those people who have spent some time in the labour market, or who are working in particularly arduous jobs and need a break, or workers who need all their time to take care of children or other relatives.

In the six countries studied, at present only Germany and the Netherlands have a legal regulation for a sabbatical (Germany) or career break (the Netherlands). However, no statutory right to this kind of leave exists in either of these countries. In Germany, a paragraph in the law on the right to reduce working hours states that employees can ask their employer for a sabbatical. This request has to be taken seriously by the employer. Normally, this sabbatical is unpaid, but in the case of an accumulation of time on a working time account, the leave can be financed by redistribution of one's own income. In the Netherlands, the possibility exists for a career break of at least two months and for at least one-third of the weekly working hours. This possibility, however, grants no legal right to take a career break; it is just that an option exists for a small amount of financial compensation (€3 per hour of leave, with a maximum of €490 per month). To be eligible for this option, several conditions have to be met, such as that the employee has to be replaced by

someone who is unemployed (this was also the case in Belgium until 1992 in the framework of the career break scheme and also in Denmark during the 1990s¹⁷).

In France, employees who meet certain criteria of seniority in the company and/or in professional life¹⁸ may ask for a sabbatical or career break. The employer may refuse or postpone the demand, but is bound to justify the decision.

In Sweden, 12 municipalities have launched a scheme for sabbaticals and career breaks, which as of January 2005 are intended to be generalised and extended to the whole country. Through this scheme, both private and public employees (with at least two years of employment) are entitled to take a sabbatical (for at least three months and at most one year), provided that the employer hires an unemployed person. The income replacement is 85% of the unemployment benefit the employee would have received if he/she were unemployed.

Information about regulations at sectoral level is scarce, but generally speaking, the social partners can make arrangements by collective agreements. In Germany, for example, the collective agreement for the public sector (BAT) contains the option of sabbatical leave. In the Netherlands, 35% of collective agreements in 2000 had a paragraph about career breaks; about 6% of the collective agreements contained a clause for payment (usually partial) of career breaks. Sometimes, the option for career breaks is part of a regulation for working time accounts or part of an 'à la carte' scheme. In the UK, some companies have schemes for career breaks that imply entitlement to a job (not necessarily one's own).

Career breaks and sabbaticals have great potential to ease combination stress in the 'rush hour of life' since they provide substantial time blocks. Guaranteeing the finance is paramount to people availing of these working time options. Intrapersonal finance, through individual savings or credits, makes them only possible for upper/middle-class professionals. The group of potential beneficiaries gets even smaller if one takes into account the fact that many private employers are apprehensive about employees taking such breaks. Their use is often interpreted as a lack of commitment to work, which may lead to a slower career progression. The question of a mere employment guarantee or a more comprehensive job guarantee may also be important for take-up. Employers may have to balance the possible positive motivational effects against the loss of human capital for longer-term breaks and the practical challenges for the personnel department in finding a suitable replacement.

Educational leave

In principle, a right to educational leave could be of interest to employees at all stages of the life course, although the need for this will be rather limited at the beginning and end of one's working life. As can be seen from the table in the Appendix, only Sweden, France and Spain have a universal right to (apply for) educational leave.

¹⁷ Facing a high unemployment rate, the Danish government decided at the beginning of the 1990s to introduce long paid leave (parental, educational and sabbatical) in order to implement a kind of job rotation scheme: the employer was obliged to hire an unemployed person to replace employees who asked for such leave. Employees using this possibility were entitled to up to 80% of the maximum rate of unemployment benefit. In 1994, 13,000 employees took sabbatical leave, creating the same number of job opportunities. Conditions were progressively tightened, either from the point of view of the employee (less benefits) or the employer (substitute should have been unemployed for more than one year). This scheme was abolished at the end of the 1990s (Nätti, 1999; Madsen, 2002).

¹⁸ Six years of professional experience is generally required, as a reference to the tradition of the sabbatical year that is a common rule in the academic world.

In Sweden, an unpaid right exists for educational leave, with no time limit on the length of the leave. Although the right is unpaid, a mixed system of grants and long-term public loans exists that facilitates the exercise of this right. The social partners can improve this regulation.

In France, employees have had the right since 1971 (with several improvements in 1991 and 1994) to ask for an individual educational leave of one year at most or of 1,200 hours in the case of part-time training. The leave can be partially paid through a benefit fund that is financed by companies, but also by a working time account since 1994 (see below). Collective agreements may extend the duration of this leave. In September 2003, a national collective agreement was concluded that gave employees the right to save 20 hours per year over six years, to be used for educational leave. This agreement was transcribed into the law relating to professional training and social dialogue on 4 May 2004. The law confirms the individual right to training (*droit individuel à la formation* or DIF) – also requiring the agreement of the employer – through which the employee could accumulate 20 hours a year during six years (120 hours). Training may take place during or outside working time, depending on the provisions of the sectoral or company agreement. If the training takes place outside working time, the employee is granted an allowance, amounting to up to 50% of their income. The DIF is transferable from one company to another in case of redundancy (with the exception of redundancy due to serious professional misdemeanour).

In Spain, employees have a right to apply for training leave, but since the number of places funded by training plans is limited, the right is not universal. Employees, including those in government, can enjoy up to 200 hours per year of training within the training plans funded by the Tripartite Training Foundation; this organisation also pays the employee's full wages during the training.

In Germany, no federal statutory regulation exists for educational leave. However, most *Länder* (except Bavaria, Baden-Württemberg, Saxony and Thuringia) have implemented a right to such leave for their public sector employees (five days per year). During leave, employees receive their income from the employer.

In the Netherlands and UK, there is no legal right at all, though, in the Netherlands, working time accounts can be used for this aim. However, collective agreements often contain regulations on educational leave. In 2001, 91% of the agreements included such clauses (Arbeidsinspectie, 2002). The duration is not always specified (where it is, it varies from one to 10 days); the leave is most often paid. In the UK, some employers provide options for educational leave. In 2000, one-fifth of employers had study leave provisions for at least some employees.

As will be seen in Chapter 4, different surveys concerning the development of collective bargaining on the issue of working time (Mermet and Gradev, 2003) or on the issue of lifelong learning (Foundation, 2002) highlight the growing importance of these subjects in the bargaining agenda of the social partners. The normative conditions of access to lifelong learning possibilities have been developed in countries like the Netherlands and France, as mentioned above, but also in Austria, Belgium, Denmark and Italy. Germany tends to favour bargaining at company level. Conversely, Portugal, Ireland, Greece and Luxembourg remain behind in this respect.

From the employee's life course perspective, the need for high adaptability based on high professional capacity and motivation (in other words, employability) is a core element of a

successful work biography. Companies, too, should have a genuine interest in a qualified and motivated workforce. Time and costs (direct and indirect opportunity cost) are important resources for the possibility of improving individual employability. Therefore, a right to educational leave with sufficient resources provided at the right time during the working life course is important. For actual implementation, it is obviously necessary for the cost and time distribution to be discussed between the individual employee and management, as well as the content and orientation of the training/education initiative.

Working time accounts

From a life course perspective, long-term working time accounts are of special interest. With such an option, in principle, people can save up time or salary to finance any kind of leave (sometimes also early retirement) at a later stage in their life course. One could argue that, in theory, from a life course perspective, this is the most dynamic and flexible working time option. It is, in fact, a rather individualised arrangement¹⁹ for people to redistribute their own time and income, but of course this has to be made possible and financially supported by employers and/or law and governments.

Before describing the situation in the six countries studied, it is necessary to define working time accounts and how they relate to other terms like 'annualised hours' and 'time banks', which also refer to a system of flexibilisation of working time over a certain period. If one looks only at schemes explicitly named working time accounts, one comes to the conclusion that the phenomenon is not widespread in most countries – with the exception of Germany. In a report on behalf of the Foundation, Fagan (2003) mentions only some sector agreements on time accounts in Italy and Sweden, in addition to the German working time accounts.

What is becoming quite common in many countries is the annualisation of working hours. Annualised hours or annualisation refers to schemes whereby employees' working time (and pay) is calculated and scheduled over the period of a year (or less) rather than on the basis of a week, as in more traditional working time schemes (for overview, see EIROOnline, 2003).²⁰ Working time account is a more neutral phrase than annualisation in terms of time, as the reference period is no part of it. Time banking is also a neutral term in that respect, but used less often than working time accounts (mainly in Italy).

Here, the term working time account shall be defined as a system that enables employees to save and accumulate time (and/or money) in order to plan periods of time off work or periods of part-time work, which can be taken at a later phase of their life course. This allows employees to finance periods of training, to care for children or other dependent people, to pursue leisure prospects or to retire gradually.

¹⁹ In Germany, where this practice is most widespread, working time accounts were often introduced for economic reasons (in order to adjust the work capacity to market requirements). In those cases, working time accounts are not an individualised option, but rather regulated at company or departmental level.

²⁰ These definitions also change from country to country. In France, annualisation refers to the possibility given to the employer to vary working hours over the year in order to face peaks and gaps in production. For employees, this means that their working time duration may vary from one period to another and the employer has to respect the legal/agreed working week duration as an average over the year. Under this definition, the employee has no say concerning the use of this scheme, which, however, is largely regulated by collective agreement at sectoral and/or company level. Annualised working time is a way of measuring working time of the individual on a yearly basis: 1,600 hours a year is now the reference in public administration (35 hours a week).

From a life course perspective, it is important to know how much time (or salary) can be saved for future leave and what is the overall period for balancing the working time. The more time (or salary) saved and the longer the overall period, the more flexibility is offered in adapting working time to different periods in the life course. Another important issue is the degree to which workers can influence the amount of working time and its distribution over time, because only if employees have some time sovereignty can they use a flexible working time scheme to structure their life course according to their needs. The potential impact also depends on the possibility or otherwise of transferring an account with a change of employer and the security that an account is protected in case of bankruptcy of the employer.²¹ If conditions like this are not well covered, employees may not be willing to take the risk of using a working time account.

From the point of view of time sovereignty, a final distinction must be made between short-term accounts (which are to be found particularly in Germany and which seem to result from a compromise between production needs – annualisation as it is understood in France – and employee needs) and long-term accounts (which leave more room for employees to decide on when and how much time they will use, even if the employer may refuse, normally for serious reasons, the use of time credits at a particular time).

Currently, three of the six countries studied (Germany, Netherlands and France) provide statutory regulations on working time accounts. In Sweden, discussion is ongoing about this issue.

In Germany, a law on flexitime regulates social security protection in cases of discontinuous working time distribution. This is generally without collective financial compensation, but in the case of an accumulation of time on a working time account, employees themselves finance the leave. Many collective and company agreements regulate the conditions for the accumulation and withdrawal of time from the working time account.

In the Netherlands, employees are entitled to save 10% of their salary or working time per year for taking leave at a later stage in life. It is, in fact, a legal framework, for employees may only benefit from this provision in case the employer has a *verlofspaarregeling* or working time account. This may be used for study, care or holidays, but not for early retirement. At present, there is a vigorous debate between the Dutch Government and the social partners about the so-called 'life course regulation'. This regulation is (apart from other goals) meant to be used by employees for early or flexible retirement. As soon as it is implemented (1 January 2006, as proposed by Government), present fiscal options for early retirement will be restricted.

Provisions for working time accounts can also be found in collective agreements in the Netherlands. Research from the Dutch Labour Inspectorate shows that 53% of these agreements include some regulations on working time accounts. The aims for which the account can be used are sometimes extended (for example, to early retirement).

In France, there is a law (1994 and 2000) stating that sectoral or company agreements may implement a time account (*Compte Épargne Temp* or CET), which may be filled with annual paid

²¹ In Finland, an interesting suggestion has been made by AKAVA (trade union for high level professionals and academics) and STTK (trade union for nurses, technical engineers, police officers, etc): to create a special bank in which workers may deposit their working time accounts. This could be a way of mutualising working time accounts and extracting them from their individualistic dimension.

leave (not more than 10 days) or money (different bonuses and allowances, part of the individual wage increase, payment for overtime, possible contribution of the employer) or days off, which are linked to a working time reduction. This CET may be used either in time-off or in money. It can be used in the frame of part-time parental leave or care leave or for educational leave, but it has to be used within five years from the creation of the account.

This law has been transposed into a large portion of sectors: 40% had provided regulations on the CET in 2000, 22% in 2001, 15% in 2002.²² At this level, the categories that may benefit from this kind of scheme are regulated (some tend to favour professional and staff management), as are the time elements that may be put in the working time account, the minimum duration of accumulated leave necessary to use it (not more than two months in some agreements) and the deadline for using it (normally five years, but could be extended to seven or even 10 years). Other agreements regulate the way of asking for the CET and the procedure used by employers to give their answer; further agreements regulate how to continue to contribute to social security provisions.

Working time accounts have given rise to interesting collective agreements in other countries. Recently, in Denmark, a framework agreement for central government employees (which, it was assumed, would also be taken over by the agreement covering local and municipal workers) allows individual employees to save up their free-time entitlements (free time in lieu of overtime, holidays and special free days) and take them all together at a later date.

In Sweden, in the last collective bargaining round of 2001, the social partners concluded the Industrial Agreement covering about 600,000 blue and white collar workers (approximately 20% of the gainfully employed population) in various sectors (chemical, textile, wood, engineering, etc). In the agreement, several changes on working time were introduced. For example, an arrangement called 'Life working time' in the wood, mining and engineering (metallurgy) sectors allows for 0.5% of labour income per year to be saved in a working time account. The savings account can be used to take leave or reduce working time, or may be taken out in cash (except in the engineering sector). It has been calculated that this account can give rise to a working time reduction of 50 hours per year. According to the same agreement, there is also the possibility of introducing a working time bank, which seems to be quite common within this bargaining area.

In conclusion, long-term working time accounts are of particular interest from a life course perspective because, potentially, they allow the shifting of more substantial amounts of time and income between different life phases. These kinds of arrangement are – in a life course perspective – different from flexitime accounts, which allow individual employees to adjust their daily working time within a given time corridor (core working time) to their individual preferences. Several empirical studies show that, for day-to-day time management, flexitime accounts are of great importance for stress reduction, effective combination of different time demands and improved life satisfaction for the individual.

²² From one year to the next, the same sector may renegotiate the previous agreement.

Combined working time options in selected countries

Having analysed individual working time options from a life course perspective, the following discussion will focus on the combined options available in the six countries selected for this study. In some countries, the package of available working time options gives significant support to employees to satisfy various time demands at different stages of their life course; in others, such options receive little support. Table 10 gives a qualitative assessment for each working time option, from very positive to very negative, in each of the six countries. It is a heuristic device, which needs to be backed-up by further in-depth research.

Table 10 Working time options and their life course effects in six countries

	Sweden	Germany	Netherlands	France	Spain	UK
Reduce/increase working hours	+	+	++	-	-	-
Maternity leave	=	=	=	=	=	=
Paternity leave	=	-	=	=	=	=
Parental leave	++	+	+	=	=	=
Care leave	++	+	+	-	=	-
Sabbaticals and career breaks	=	+	+	=	-	=
Educational leave	+	=	-	+	+	-
Working time accounts	+	++	++	++	=	-
Flexible retirement	+	+	+	+	+	=
Early retirement	++	-	=	+	=	++

++ Very positive life course effect

+ Positive life course effect

= Neutral life course effect

- Negative life course effect

-- Very negative life course effect

The assessment in Table 10 is based on negative or positive effects on the combination of time demands for paid employment and other activities in the various life phases. It incorporates, among other things, the following dimensions: general existence, universal availability, duration, flexibility for the distribution of time resources over a period of time, extent of replacement income and effects on labour market attachment over time.

The overview provided in Table 10 reveals two extremes and a middle position:

- Sweden and the Netherlands show a number of positive initiatives covering most life phases, being fairly universally available and positively influencing a long-term labour market attachment of women.
- In contrast, the UK has very few regulatory arrangements on working time options that are relevant from a life course perspective. This is not surprising considering the relatively low overall level of employment regulation in liberal welfare regimes.
- A middle position is seen in France and Germany. Spain is less developed than the other countries, but has more regulation than the UK as far as educational and flexible retirement is concerned.

Conclusions

It is clear from the above discussion that the institutional framework for the arrangement of working time throughout the working life in the countries studied is diverse. The levels of regulation at which the options are initiated and implemented vary between the countries. The same can be said for the content and quality of the different options regarding suitable conditions from an employee-centred life course perspective. In Sweden, France, Germany and the Netherlands, relevant working time options are developed and implemented both by government and the social partners. At the other end of the continuum is the UK, where neither government nor the social partners are very active in developing working time options, although work–life balance policies have come to the fore in public policy debates and initiatives in recent years, connected closely to the business case argument which aims to enhance the utilisation of companies' workforces and, hence, productivity.

Looking at the different working time options and viewed from a life course perspective, one could argue that, in principle, a right to adapt working hours (reduce and increase), working time accounts, lifelong learning/training schemes and flexible retirement schemes offer the most support to the different needs of people during their life course (provided, of course, that the conditions are suitable). A right to adapt working hours offers people the possibility of reducing and increasing working hours for longer periods in their lives and of balancing work with other social, family, citizenship and leisure commitments. Working time accounts can have the same function, but are more appropriate for shorter periods in life during which people stop working because they want to spend time on other activities. Lifelong learning schemes, that could be linked to working time accounts, allow employees to orientate their working biographies differently, which is particularly important in the current context (induced by the European employment strategy) of lengthening the working life. Flexible retirement schemes allow employees to decide when they want to retire and under what conditions (duration of working time and income level). The other working time options are all connected to specific circumstances or episodes in the life course and vary in duration and in their impact on the life course.

Starting from this analysis, a distinction has been suggested between life event-specific working time options and life course-specific working time options, which theoretically allow for the building of controlled life biographies. Looking at developments in the European countries, the following points may be taken from the analysis:

- Most of the countries surveyed have implemented life event-specific working time options corresponding to specific life events, among which child-raising and family commitments are predominant.
- The most common trend during the last 20 years, as far as these life phases/events are concerned, has been a shift from short leave options (maternity) towards longer ones (combined maternity and parental leave).
- In addition, provisions have become more flexible by offering a choice between a complete time-limited exit out of work or a combination of care and paid work on a part-time basis.
- The main differentiation lies in the payment conditions of parental leave.
- Another difference is the possibility of returning to the same or a similar job (Sweden and Germany) and/or the sustainability of the employment contract (Sweden compared with UK).

- The involvement of fathers in their role of caretakers and combating the unequal position of men and women due to the birth of children is also differently regulated.
- Concerning early retirement, a shift can be observed towards the more dynamic approach of flexible retirement schemes (before or after the retirement age) and away from the more traditional early retirement schemes (through which employees used to retire definitively from the labour market before their legal retirement age).
- Flexible retirement schemes provide the opportunity of making another distinction between working time options leading to a controlled life course rather than an externally determined life course (or, in other words, working time options leading to a flexible life course rather than a standardised one). Currently, the introduction of flexible retirement schemes is generally linked to pension reforms, and aims at reinforcing the sustainability of pension provision through the lengthening of the working life. The increased number of working years necessary in order to receive a full pension induces a shift from the trend to a reduced life course towards a lengthened one, which could become a new standard in the future.

Life course-specific working time options are less common and have appeared recently. The following may be concluded:

- Although the six countries studied have regulations on part-time work, the right to reduce or increase working hours temporarily is regulated by statute only in the Netherlands, while in Germany there is a right only to reduce working hours. Moreover, the right to reduce working hours must be assessed while keeping in mind the conditions that surround part-time contracts, which are different from one country to another, even though there is an EU directive.
- During recent years, some countries have introduced regulations on working time accounts (Germany, Netherlands and France). This is a way of financing sabbaticals, lifelong learning periods or other career breaks, which until now were barely paid (even though there are statutory provisions for them in most of the countries surveyed). From a life course perspective, a distinction should be made between short-term and long-term working time accounts. The latter allow more controlled, flexible, de-standardised life course profiles, while the former are generally the result of a compromise between company needs and employee constraints, and are embedded in a standardised conception of the life course. Consequently, in the countries where working time accounts are regulated, one should also look at the scope and limits of how the working time accounts can be filled and at their conditions of use (e.g. after how much time or up to what amount of accumulated rights; limitations concerning the ways of using the working time accounts; limitations imposed by employers; transferability from one company to another).
- Individual lifelong learning accounts have also recently appeared. They aim to overcome the problems of financing training courses that are not directly linked to the job (this has spread in all countries except the UK).

As a general conclusion on the institutional framework for working time, three marked trends are found:

- The first trend refers to the regulation of more dynamic working time options (life course-specific working time options), which, at least in theory, allow for the construction of individual biographies linked to the differentiated needs and lifestyles of employees.

- The second trend acknowledges the increasing orientation towards working time options that allow for longer periods of deviation from the standard working time regimes.
- The third trend concerns the level and mode of regulation of these working time options. During the last 25 years, there has been a trend towards the decentralisation of working time regulation in Europe (from legislation and/or national collective agreements or sector-level agreements towards company or unit agreements). However, regulations of the working time options designed from a life course perspective tend to be, in their general principles, regulated at a central level, mainly by law, even in countries where working regulations used to be ruled by collective agreements (the Netherlands constitutes a good example). Conversely, conditions and modes of enforcement tend to be regulated through sector or company agreements.

Flexible working time options, income and social security

The following discussion analyses the relationships between flexible working time options and social security (relation 2 in Figure 1). For this purpose, social security is defined in a narrow sense, mainly focusing on financial issues.²³ At the same time, the analysis links social security to the relevant welfare state regime (relation 3 in Figure 1). Because of the multiple aspects that have to be considered, the analysis cannot cover all countries of the EU15, let alone EU25, but it does highlight interesting examples.

Two important fields are discussed in this chapter and in the following one. Here, the focus is on the perspective of the individual, his or her access to certain branches of social security and the benefits he or she can claim (in the short and long term). Chapter 4 deals with the financial impact of different working time arrangements on existing social security systems and their financial sustainability. Both chapters follow the same order, discussing three groups of issues that are relevant in many people's working lives because they can directly or indirectly influence access to social security and the level of benefits:

- interruptions in employment career or work biography (e.g. by unemployment or take-up of leave schemes);
- reduced working hours, in particular long and short part-time work;
- flexible working time schemes (e.g. working time accounts).

Employment interruptions

Interruptions in the employment career can occur for different reasons. They can be the result of taking an existing leave option (e.g. maternity or parental leave, care leave, leave for training or sabbaticals during one's working life). They can also result from inactivity beyond such schemes, often, nevertheless, connected to care work (e.g. when women stay outside the labour market after parental leave or when they give up employment to care for an elderly relative). Interruptions can result from unemployment, or a late labour market entry or early exit, compared with what is regarded as a normal employment biography.

In terms of social protection and income options over the life course, the incidence and duration of employment interruptions differ widely across socio-economic groups within a single country and also between countries. The coverage depends on such factors as the degree to which the respective interruption is regarded as the result of a social risk that requires social protection or of a socially valuable (non-market) activity that deserves collective protection. Also of relevance to coverage is whether the interruption is regarded as voluntary or involuntary. Finally, the notion of an employment interruption requires a normative, but often not realised, concept of a full working life. This norm can differ from country to country, as is obvious from differences in legal retirement age.

²³ In a broader sense, legal rights (e.g. the right to claim part-time or parental leave) would also have to be regarded as part of social security.

Unemployment

One of the employment interruptions most commonly accepted as a social risk and as involuntary is unemployment.²⁴ Although the definition of unemployment differs from country to country and, in addition, recent labour market reforms show a trend to redefine (and restrict) the idea of unemployment, so far all countries provide some sort of cash benefits to cover times of unemployment. Except for the liberal welfare states (UK and Ireland), where flat-rate benefits are paid, all EU countries provide income-related benefits, at least for the first phase of unemployment. Compared with other interruptions, income security for unemployment is therefore relatively well regulated, although in many countries not as well as it used to be some years ago.

Some important differences between countries and sub-groups of the workforce need to be mentioned. The differences concern the criteria for access to unemployment insurance, as well as the eligibility for earnings-related benefits. Sometimes, access is restricted to people with certain jobs, excluding, for example, self-employed people or the so-called 'sham' self-employed (Germany), or people with small jobs. In some countries, like France, even workers with small part-time jobs have access to unemployment insurance, whereas other countries restrict access for certain groups of part-timers. One example is Sweden, where people with small part-time jobs of less than 12 hours per week are not eligible; another example is Germany, where the threshold for access to social insurance used to be 15 hours per week or €325 per month until recently (April 2003) when the income threshold was raised to €400 per month and the time threshold was abolished.²⁵ These regulations can be regarded as barriers for a more flexible distribution of working time over the life course. Another barrier can be the requirement of a long insurance period prior to unemployment, particularly in combination with a short qualifying period during which this requirement has to be fulfilled.²⁶

The level and maximum duration of unemployment benefits in most countries depend on the employee's work history. Another important factor for the duration of the earning replacement benefit is the age of the unemployed person (e.g. in Denmark, Greece, Germany and in particular Greece, where the duration only depends on age). Whereas the work history criterion refers to the idea of equivalence (between individual contributions and the resulting claim), the second follows another logic, reflecting the lower labour market chances that elderly unemployed people have in many countries. From a life course perspective, unemployment is therefore better protected in later stages of life in many countries.

If one considers the cross-country variation of the maximum duration of earning-replacement benefits (from some months, e.g. four months for certain groups of insured workers in Spain, to an unlimited claim, e.g. in Belgium), it becomes obvious that many unemployment periods are not

²⁴ The notion of involuntary unemployment is actually highly controversial among economists as well as politicians. It cannot be denied that unemployment can also be a voluntary situation, e.g. in the case of frictional unemployment. Without going into detail about the complex border between voluntary and involuntary interruptions, it can be stated that the original idea behind collective unemployment insurance was the perception of unemployment as a risk that workers were (and are) involuntarily exposed to. This is also reflected by the fact that in many countries (e.g. Denmark, Greece, Spain, France, Luxembourg and Sweden), the involuntary nature of unemployment is still explicitly mentioned as one of the conditions for unemployment benefits (see MISSOC website: www.europa.eu.int/comm/employment_social/missoc/index_en.html).

²⁵ This means that workers with low wages, below €400 per month, cannot even get access to unemployment insurance when they work more than 15 hours per week.

²⁶ Example: The insurance requirements in France (six months out of the last 22 months) are easier to fulfil than those in Luxembourg (26 weeks out of the last year); the requirements in Germany and Denmark (52 weeks out of the last three years) are easier to fulfil than those in Austria (52 weeks out of the last two years).

covered by cash benefits in spite of existing unemployment systems and that unemployment can, therefore, threaten not only people's time allocation, but also their income over the life course. Re-eligibility usually requires a new period of employment. In some countries (e.g. Sweden), enrolment in active labour market programmes can serve to fulfil the criteria required. In other countries (e.g. Germany), this 'revolving door effect' has been restricted in recent years. Active labour market measures have frequently become the precondition for eligibility to financial transfers during unemployment (as in the British 'New Deal' programmes or in the Danish system, where the period of unemployment, after which activation is compulsory, has been shortened several times). Young people who encounter problems in establishing themselves in the labour market often have limited access to cash benefits in the case of unemployment. To counter this, several countries (e.g. France, Netherlands, UK and Germany) have focused special active labour market programmes on this group. As far as cash benefits are concerned, however, the general picture is that work interruptions due to unemployment are better protected when they occur later in life and after a longer period of (insured) employment.

In countries where social protection strongly relies on statutory insurance (particularly 'conservative' countries, such as Germany and France), registered unemployment usually gives access to the healthcare system and the pension system. In the latter, pension claims are built up during unemployment, although to a reduced degree.

In countries where some medical treatment is granted for the whole population (e.g. Sweden as an example of the Scandinavian regime, the UK as an example of the liberal regime and Spain as an example of the Mediterranean regime), it is less important how employment interruptions are classified since basic rights to healthcare are not affected by employment status or the classification of employment interruptions. The same holds true for access to citizen-based basic pensions (e.g. in the Dutch AOW system or the Danish *folkepension*-system) and for systems that guarantee minimum pensions for needy elderly people (e.g. the new Swedish *garantipension*, the Spanish *pensione non contributiva* or the British Category D Retirement Pension). Where minimum pensions are based on a certain number of insurance years, however (such as the *minimum vieillesse* in France, the *trattamento minimo* in Italy or, with limited requirements, the British Basic State Pension/Category A Retirement Pension), periods of unemployment usually count for the required waiting period.

If social protection for unemployment phases seems to be quite privileged compared with other interruptions in the employment career, it has to be stated that this refers to most statutory 'first pillar systems' only.²⁷ As far as 'second pillar systems' are concerned (e.g. occupational pensions), unemployment usually leads to problems in building up one's claims for retirement age. This is particularly relevant in countries where second (and third) pillar systems are of considerable significance (as in the UK).

Leave schemes

Compared with unemployment, leave schemes are usually less well protected. This does not apply to maternity leave, however: in most countries, a high wage replacement benefit is paid during

²⁷ The term 'first pillar systems' is used to describe the statutory core systems of old age security (e.g. national pension insurance), whereas 'second pillar systems' are occupational pension systems, either compulsory or voluntary, that build on the first pension layer. The 'third pillar' covers private savings, etc. for old age.

maternity leave (e.g. 80% in Italy, 90% in the UK or Denmark, and even 100% in Germany and France). Job security is guaranteed and coverage by the statutory healthcare and pension systems is not negatively affected by the duration of maternity leave.²⁸ From a life course perspective, problems do not arise from social security coverage during maternity leave, but they can result from the distribution of costs: where employers have to bear a considerable part of the costs arising, this might influence their recruitment behaviour and restrict young women's chances in the labour market, which can have an effect on their whole future life course. In Denmark, the social partners decided in 2004 to start a collectively financed maternity fund to avoid this effect.

Subsequent times of parental leave are covered to a far lesser degree, even if the right to take leave beyond the regulations of the EU Directive on parental leave exists in many countries. Cash benefits are available only in a few European countries and are usually restricted to people with a certain employment record; they are also means-tested and the maximum level cannot replace a wage (e.g. maximum amount per month in 2002 in France was €484; in Luxembourg, €439; in Germany, €307–€460²⁹). Sweden is a rare exception in Europe – here, parental leave is compulsorily insured as a social risk and a wage replacement benefit of 80% is paid. Another problem is that the existing parental leave schemes do not always give an employment guarantee, even if they give the right to cash benefits (e.g. in the case of the French APE).

The coverage of eldercare leave is even more limited. To date, a legal right to interrupt work for eldercare only exists in a very limited number of European countries (e.g. Sweden and the Netherlands). In addition, this right is sometimes restricted to close relatives or to dying family members, or else the maximum period of time is very restricted.³⁰ The loss of present or future income for the carer is usually not perceived as a social risk and, therefore, not covered in most countries. Again, Sweden is an exception – here, the carer can receive an 80% wage replacement benefit for up to 60 days per person in need of care. Ireland and the UK also provide a carer allowance, but in these countries it is a means-tested benefit, restricted to needy carers, and has to be seen in the context of the low benefits provided within social assistance schemes. Where payments for private care are provided, it is usually the person in need of care who can claim the money (depending on the level of care needed), not the carer (e.g. in Germany, Netherlands and Denmark). The dominant idea behind this is to give the person in need of care some financial autonomy (an idea which is strong in the Netherlands, for example). The loss of employment income of carers, on the contrary, is not perceived as a risk that has to be covered collectively, at least not in a way that exceeds the protection of other inactive persons (see below).

However, carers are sometimes supported, as far as their future retirement income is concerned. In Spain, up to three years per child can be counted towards the pension system to cover periods of parental leave. In Germany, parents receive tax-financed pension claims equalling three years of full-time employment for each child born since 1992. The German social care insurance pays contributions for people engaged in private eldercare to the pension system. Yet, these

²⁸ The legal right to paternity leave that has been introduced in some countries can be regarded as symbolic in most cases (e.g. two days of paid leave in the Netherlands; see also Chapter 2). It is, therefore, not covered here. In the Swedish case, however, paternity leave plays a considerable role as an opportunity to adjust working time to one's personal needs, in particular because it is combined with a wage replacement benefit and because a part of parental leave (now two months) is exclusively reserved for fathers.

²⁹ In Germany, the maximum amount was €460 if only one year of parental leave was taken; €307 was paid per child for up to two years.

³⁰ In the Netherlands, the legal right to take time off for care is restricted to a maximum of 10 days; longer care leave can be arranged within the scheme for career breaks (law on work and care), but the financing is through a shift of individual income from another working time period by the carer.

contributions are based on the amount of care that the frail elderly relative requires and can never reach the pension credits that parents receive for childcare. In the British state pension system, both work interruptions for childcare (until the age of 16 years) and eldercare (unlimited) are accredited and can fill gaps in the insurance career ('home responsibilities protection'). While there is no hierarchy of different times for care, the monetary equivalent of the credits is moderate; they only help to achieve the full, but low, state pension. In countries with basic pensions based on citizenship or residence (e.g. Denmark and the Netherlands), care periods do not affect this general claim and discontinuous biographies are, therefore, better protected. However, leave periods affect the protection in second pillar systems. This has to be regulated within collective agreements. As far as the Netherlands is concerned, a report from 2000 analysing the 100 largest pension funds (covering more than 90% of all participants in second pillar pension funds) found that, for more than three-quarters of all insured persons, a regulation existed that allowed them to build up pension claims while availing of a leave scheme (e.g. parental leave, care leave or sabbatical leave).

In recent times, developments in the field of eldercare and workers' rights to take leave for this kind of care have been ambivalent. Whereas in some countries (e.g. Germany and the Netherlands), social protection of carers in this field has been extended (either by leave options or by cash benefits or both), thereby improving relatives' options to care, there is a clear trend in the Scandinavian countries (e.g. Finland and Sweden) to abolish the obligation of children to take care of their parents, as part of the overall trend towards individualisation. Taking into account the general demographic trend and the increasing problems of financing public welfare, it is quite probable that increased time options and benefits for eldercare will necessarily be on the future political agendas of many countries. In the context of a reorganisation of time throughout the life course, this topic can be regarded as one of the crucial fields for regulation.

Inactivity

A third field to be analysed is that of so-called inactivity. This notion of inactivity (commonly used, but questionable) means that people are not active in the labour market, neither in (registered) unemployment nor making use of a regulated leave scheme. Inactivity in this sense also covers people involved in care activities, insofar as they cannot make use of a regulated leave scheme.

In the context of the organisation of time over the life course, the question of whether the state should support phases of inactivity (and for whom) must not be neglected. One might suppose that strong financial support for inactivity (a high level of decommodification) strengthens people's chances of organising their time over the life course.

In fact, no European country provides an unconditional basic income for all its citizens. Social assistance schemes are means-tested everywhere (at least before people reach the age of retirement) and are increasingly bound to a required form of behaviour, such as the search for paid work. Nonetheless, a high level of decommodification still exists in some countries for spouses. In spite of the general trend towards individualised taxation, several European countries still give considerable incentives for the second person in the household not to work. Whereas the household profits from tax reductions, the marginal tax burden on the second income is particularly high. The highest tax subsidies for non-employed spouses (compared with a second full-time job) are found in Belgium and Germany, where a second average full-time income in the

household increases the net household income by only about 54% (Belgium) and 63% (Germany).³¹ In the UK, on the contrary, the increase would be 92% (Klammer and Daly, 2003, Table 3; data for 1997). In some of the Scandinavian countries (e.g. Sweden and Finland), a family breadwinner's income is taxed at the same tax rate as the income of a single person (Koopmans and Schippers, 2003; data for 2000).

Yet, this is not necessarily a characteristic of individualised tax systems. In the Danish case, spouses are taxed separately, but single earners in a family, nevertheless, profit from considerable tax credits (Dingeldey, 2002). Given the philosophy behind the Danish welfare state, however, this can hardly be interpreted as an instrument used to make women's participation in the labour market unattractive. Instead, the idea is to leave a minimum of existence for each person tax free and to give people in certain life/family phases the option of leaving the labour market for a certain period (Dingeldey, 2002).

In some conservative welfare states (e.g. France and Germany), the inactivity of spouses in the labour market is still supported by free healthcare insurance coverage. In addition, most conservative and Mediterranean welfare states provide derived coverage for spouses through quite generous survivor's pensions. This is particularly the case in Belgium, where spouses can receive up to 80% of their deceased partner's pension; in Greece, the figure used to be 70%³²; and in Italy and Portugal, among others, 60% is paid. In contrast, in the Scandinavian countries and in the Netherlands, survivor's pensions have been abolished or at least restricted to special groups of survivors, and pension claims are more individualised.

How much the later pension income is reduced by periods of inactivity also depends on the notion of a complete insurance record. In Germany, this is 45 years, while it is 40 in France and Italy, but only 35 in Spain. This implies that a limited number of missing years (e.g. in female working biographies) do not have any impact on the Spanish statutory pension system.³³

Subsidies for the one-earner family (and the 1.5-earner family) give spouses (often women with children or other care obligations) some freedom to choose whether and how much they want to be engaged in the labour market. Although this form of decommodification must be considered as one approach to allow people to distribute their time according to their preferences and needs, it has led to a critical debate from the gender perspective (Dingeldey, 2000a, 2000b; Deutscher Bundestag, 2002; Klammer and Daly, 2003). In fact, from a life course perspective, it can be criticised that this approach is limited to married partners. The empirical finding is that it has helped to reinforce traditional gender roles and time arrangements (for a comparison between Sweden and Germany, see Gustafsson, 1992). It is therefore limited to sub-groups of the population and, even for them, it covers only a certain part of their potential working life. In spite of the options that derived rights can give to married partners to find their desired household time arrangement and to adjust it over the life course, this group of rights can thus be regarded as inferior to universal rights. Universal rights for the individual citizen (e.g. general access to public healthcare or a right to a citizen-based minimum pension for all elderly citizens) can widen the individual's choice of working time arrangements, independent of his or her marital status. Since

³¹ Assumption: The first person earns as much as an average production worker (APW).

³² 50% for people who have become insured since 31 December 1992.

³³ Yet, the number of female beneficiaries of retirement pensions is still quite small in Spain.

universal rights are still most widespread in the Scandinavian welfare states, these countries obviously grant people with discontinuous work histories a better social protection (at least in some branches of social security).

Early retirement

A fourth field to be considered in the context of missing years of employment and social insurance over the life course is the area of early retirement. Early retirement always refers to the legal retirement age and the notion of a full employment career is, therefore, a normative concept. A comparison of the legal retirement age in different European countries reveals that there has been some convergence towards the age of 65 years. However, there are currently still some differences in the first pillar systems (e.g. 60 years for both sexes in France and for British and Austrian women), and age thresholds differ even more when systems for special groups or second pillar systems are included in the comparison.

In some countries (in particular, Sweden and Italy), the retirement age is flexible and the chosen retirement age determines the level of pension. Other countries (e.g. Germany, Austria and Spain) allow early retirement under certain circumstances (e.g. after long-term unemployment) or for certain professional groups. Early retirement usually goes along with pension reductions. In some countries (e.g. UK), early retirement is not possible. Options for late retirement (after the legal retirement age) are more widespread and also offered in France and the UK (VDR, 2003). Usually, this implies increased pension benefits.

Making the retirement age more flexible is, without doubt, a way of giving people more options to organise their time over their working lives, according to their individual needs and preferences. It must be taken into account, however, that this is an individualised option that gives no answer to the question of how people with particular time needs over the life course (e.g. for care) can be compensated. In addition, it should be checked empirically how much the actual age of retirement within a given corridor is influenced by, first, the overall labour market situation and, second, the level of the provided pension reductions or increases. As far as the first is concerned, it can be expected that, in times of high unemployment and labour shortage, older employees are pushed towards retirement, if retirement is possible. As far as the second is concerned, it can be assumed that pension reductions and supplements can be used as a steering instrument.

The existing national differences give some first hints as to how this instrument is already used. Currently, pensions are reduced by 3.6% per year of earlier retirement in Germany, compared with 6% in Sweden and up to 8% in Spain. On the other hand, the pension supplement for retirement beyond the age of 65 years is only 2% per year in Spain, but 7.5% in the UK and even 8.4% in Sweden (BMGS, 2003; European Commission, 2003b; VDR, 2003; and authors' calculations). Obviously, the Spanish regulation mainly aims at making early retirement unattractive, whereas the focus of the Swedish regulations is to encourage people to further postpone their retirement. Plans of the British Labour Government to increase pension supplements to 10% per year of postponed retirement (Greenbook of 2002, see VDR, 2003) show that this will probably become a common answer to the political challenge to prolong working life.

Table 11 summarises the main results of the preceding analysis.

Table 11 Employment interruptions and effect on individual's income and social security

Working time option/ arrangement or status	Impact on the individual's income and social security, with country examples	Possible effects and problems from a life course perspective
Unemployment	<p>Still one of the best-covered work interruptions, with income-related benefits in most EU15 countries at least during the first phase (exception: only flat-rate benefit in liberal states of UK and IE). However, big differences in:</p> <ul style="list-style-type: none"> • level of replacement rate (between 40% in IT and up to 90% in DK); • maximum duration of benefits (e.g. 4-24 months in ES, unlimited in BE, often dependent on prior employment and age); • requirements for employment prior to unemployment (qualifying period, e.g. requirements higher in DE, DK, AT than in FR, LU, EL); • exclusion of certain kinds of work (e.g. exclusion of people with small part-time jobs in DE, SE; often exclusion of self-employed; limited protection of young people); • requirements for re-eligibility. <p>Access to healthcare: no relevance for access to citizen-based healthcare systems (e.g. in UK, SE, IT), but access can be problematic in insurance-based systems (e.g. DE: only access for unemployed people who can claim unemployment benefits).</p> <p>Access to pensions (see right).</p>	<p>During unemployment: loss of income, in particular in the 'second phase'; loss of labour market attachment (might influence future career).</p> <p>Retirement age: unemployment phases with benefits often covered by insurance-based systems (e.g. DE, FR, IT), but often lack of coverage when no unemployment benefits can be claimed or in case of long unemployment; no negative effect on benefits in pension systems based on citizenship (as the Dutch AOW or the Danish <i>folkepension</i>); in the second pillar systems (occupational pensions), usually no coverage of unemployment periods, which has a high impact in countries where occupational pensions carry a lot of weight (e.g. UK).</p> <p>Age groups: young people are often less well protected against unemployment than older workers (limited access, shorter period of benefit payments).</p>
Maternity (and paternity) leave	<p>Maternity leave: cross-country differences in length, but well-protected, usually with income replacement benefits (up to 100% in DE and FR), attachment to the labour market (labour contract) and ongoing access to healthcare. Usually, no or insignificant loss of pension income (see also right).</p> <p>Paternity leave only relevant in very few countries (SE, DK), where similarly well protected as maternity leave.</p>	<p>In most countries, income and social security coverage during maternity leave is granted at a high level. However, where employers have to bear the costs for maternity leave, this can influence their recruitment behaviour and limit the chances of young women in the labour market. Collectively financed systems can limit this danger (example: new maternity fund in DK introduced in 2004).</p>
Parental leave	<p>Parental leave schemes beyond maternity leave exist in many countries, but the time period differs widely. The take up of parental leave usually leads to a considerable loss of income since a legal right to claim benefits only exists in a few countries (e.g. SE, FR, LU, DE) and these benefits are usually not linked to the former wage (exception: SE). In some countries, benefits are regulated or supplemented in collective agreements (NL).</p> <p>Access to healthcare and first pillar pensions can be a problem in countries without universalistic systems, but derived rights and extra credits for children in the pension system (e.g. in DE, ES, UK) limit these problems in the other welfare state regimes.</p>	<p>Problem: some parental leave schemes do not contain an employment guarantee (e.g. in FR).</p> <p>In countries where parental leave schemes give parents the right to return to their employer (e.g. DE), this creates an incentive for women to establish a labour market attachment before becoming pregnant.</p> <p>In SE, income replacement benefits give an incentive for women to work full time before giving birth (to maximise income during parental leave).</p>

Table 11 (continued)

Working time option/ arrangement or status	Impact on the individual's income and social security, with country examples	Possible effects and problems from a life course perspective
Leave for eldercare or care for ill family members	<p>Special schemes exist in only a few countries (NL, SE) and leave is usually limited to a short time or to special situations (e.g. dying family members). Within the limits of these systems, an earning replacement benefit is usually paid and the labour contract is kept.</p> <p>In some countries, there is no special leave scheme (and no employment guarantee), but needy carers can claim cash benefits (e.g. UK, IE); in DE, they are covered by the pension system.</p>	<p>In other countries or in case of longer leave, usually no job or employment guarantee, loss of income and labour market contact; negative influence on future career. In countries without universalistic healthcare and pension systems, problems for access to the systems and reduced benefits may arise (but are sometimes limited, due to derived rights).</p>
Other leave (e.g. for training, sabbaticals)	<p>Leave options are still limited, but increasing, except for DK where some of the existing leave schemes have been stopped due to labour shortages. Existing leave options (e.g. in NL, DE) usually rely on a redistribution of time and/or money of the individual, while the labour contract and, therefore, access to social security system is not interrupted. Claims to cash benefits (unemployment benefits, insurance pensions) are usually reduced proportionally.</p>	<p>When the leave system does not contain employment guarantee, negative impact on future career is possible.</p> <p>Schemes based on redistribution of time/money are mainly financed by the individual, but some support from progressive tax systems.</p> <p>Proportional reduction of income and social security transfers during the leave period and in old age, but access to systems can usually be maintained. In NL, more than three-quarters of all leave-takers can build up occupational pension claims during their leave.</p>
Inactivity	<p>No special scheme. Immediate loss of income in all countries and loss of potential pension income in insurance-based first pillar systems and occupational pension systems. In some countries, still high tax credits if spouse is inactive (see right); highest credits in some of the conservative welfare states (DE, BE), low incentives in liberal states (UK) and in some of the individualised Scandinavian tax systems (SE, FI).</p> <p>Access to healthcare: problematic in insurance-based systems, but sometimes not for married spouses (see right). Survivor's pensions abolished or severely restricted in Scandinavian countries and NL, but in some conservative and Mediterranean countries still widespread and generous (EL: up to 70% of the deceased partner's pension claim; BE: up to 80%).</p>	<p>In strong breadwinner models (in particular conservative as well as Mediterranean welfare states), inactivity of married women is still significantly supported by joint taxation of couples and by derived social security rights (e.g. access to healthcare, survivor's pensions). An influence on the family formation (e.g. marriage) and women's labour market decisions (in particular in the phase of early parenthood and later in life when there is need for eldercare) can be assumed. Derived benefits and tax credits for spouses give options of realising individual working time arrangements within the household and adjusting them over the (married) life course, but – unlike universal rights – contain a risk in perpetuating the traditional gender model.</p>
Early retirement	<p>In many countries, schemes have been restricted or been made more unattractive for the individual employee (limited access, higher pension reductions).</p> <p>In some countries (IT, SE), existence of a flexible retirement age, with pension reductions according to actuarial calculations.</p> <p>Today, pensions are reduced by 3.6% per year of earlier retirement in DE, by 6% in SE, and by up to 8% in ES. Pension supplements for retirement beyond the age of 65 years is credited with 2% per year in ES, but 7.5% in UK and even 8.4% in SE.</p>	<p>Level of pension reductions and pension supplements is increasingly used by governments as a means to prolong working life and to steer labour supply at the transition from work to retirement.</p>

Countries: Austria (AT), Belgium (BE), Denmark (DK), Finland (FI), France (FR), Greece (EL), Ireland (IE), Italy (IT), Luxembourg (LU), Netherlands (NL), Spain (ES), Sweden (SE), United Kingdom (UK)

Part-time work

Concerning the level of income and social protection of people in part-time work, it is important to examine whether their situation is better or worse in absolute terms, compared with standard full-time employees, and/or in relative terms, compared with their investment in the system (e.g. by contributions).

As far as present cash income from work is concerned, the number of public schemes directly subsidising the gross income of part-time workers is limited. Subsidies (e.g. wage subsidies, subsidies for social security contributions) are often directed to support people with low income or low chances in the labour market, but not directly for people with reduced working time. Several countries (e.g. France, Luxembourg and Germany) provide the opportunity of taking parental leave on a part-time basis and to combine this with cash benefits. The combination of leave and benefits in these schemes usually requires that the person does not exceed a certain income threshold or a maximum number of working hours.

One of the rare schemes that directly subsidises income during part-time work is the German partial retirement scheme. This scheme, if implemented in the respective company according to the legal framework, guarantees elderly participants considerable wage-related subsidies for their part-time income and their contributions to the pension system. In the case of part-time work of parents (with children up to the age of 10 years), there are no subsidies to present income, but there are subsidies for later retirement income. In this case, no additional contributions are paid, but credits to increase the pension are granted.

Whereas direct cash subsidies for part-time workers are rare, tax credits are common in EU countries. Individuals working part time usually profit from lower tax rates, compared with full-time workers, due to progressive tax systems. The more progressive the tax system, the more attractive a part-time job is. At the household level, the situation is more complex because the modus of taxation (joint or separate taxation of couples, or the possibility of choosing between both options as in Ireland and Spain) is an additional factor. In some countries, the taxation of spouses or families does not only give incentives for the inactivity of the second person (see above), but also subsidises part-time work. Among the countries considered, Germany gives the highest monetary incentives for spouses to work part time instead of full time (together with other continental states, such as Belgium and Luxembourg). In the Netherlands, there is a moderate tax incentive to switch from a full-time job to a part-time one. Spouses hardly get any incentive to do so in Spain, Sweden, France or the UK. Except for France, the latter countries tax couples individually and a second full income in the household is not particularly punished.

On the other hand, the financial incentives for non-working spouses to take up a part-time job are very limited in Germany (and also in Belgium and France), moderately so in Sweden and the Netherlands, and quite considerably in Spain. In the UK, taking up a part-time job is financially attractive for inactive spouses since the net household income increases proportionally to the gross household income (Klammer and Daly, 2003; based on data from the European Commission, Eurostat and OECD). As far as small part-time jobs of the second earner are concerned, the German and UK tax systems contain strong incentives, while the Dutch system has weak incentives, and the Spanish and Swedish systems none (Dingeldey, 2000a, 2000b).

Following the EU regulation on the non-discrimination of part-time work, today, regular part-time work usually gives access to all branches of social security. In the Netherlands, particularly, legislation in recent years has aimed at the abolishment of all kinds of discrimination of part-time workers. Part-time workers, as well as full-time workers with low wages, often get an even better return on investment as far as the relation of social security contributions or taxes and potential benefits is concerned.

In the unemployment system, this mainly happens in the field of active labour market policy, where unemployed people, who were formerly part-time workers, often have similar rights and obligations to participate in activation measures as former full-time employees. Cash benefits, on the contrary, are directly related to former income in most countries, but, in some countries, former part-time workers get higher replacement rates (e.g. in Denmark). In the UK, the flat-rate benefits paid to unemployed people have a similar effect, although at a lower level.

In particular, part-time workers can profit more from the public healthcare system (health insurance or national health service) than their full-time counterparts. In Spain, Sweden and the UK, medical treatment in the national health system is tax-financed and all citizens are covered; in these countries, part-time workers have a better return on investment than full-time workers, but pay more in taxes than inactive persons do. In the Netherlands and Germany, the general finding is the same and even more obvious because medical treatment is financed by earnings-related social security contributions. The difference between the Netherlands and Germany is that the Dutch AWBZ health system is a universal system, covering all citizens (as long as they do not leave voluntarily to be insured by private insurance), whereas the German statutory health insurance (and care insurance) only covers employees with an income above a certain threshold (€400/month) and their inactive dependants (spouses and children). People with marginal³⁴ part-time jobs do not get access to the system through their employment contract. Although a considerable number of them are, in fact, covered through marriage, this is an obvious gap in the social protection record for certain part-time workers.

In old age insurance, the redistributive effects in favour of part-time workers differ considerably from country to country. They are relatively small in Germany, where the pension system is mainly oriented towards the idea of equivalence between individual contributions and the level of pensions. Part-timers do not get less than full-timers for each euro of contributions to the system, but in absolute levels their pension income will usually be much lower than the pension of someone with a continuous full-time career. Some part-timers (in particular part-time working parents and elderly workers in partial retirement) can profit from redistributive schemes: the part-time work of mothers (parents) until the tenth birthday of their youngest child, for example, has been compensated in the pension system since 2001, and an additional credit for three years per child is added to the pension record.

In countries with minimum pensions or basic pensions based on citizenship, part-time workers can profit from redistributive elements to a far greater extent. The Scandinavian countries provide basic pensions for all citizens (e.g. Denmark and the Netherlands) or at least decent minimum

³⁴ There is no common European definition of a marginal part-time job. The idea of precariousness in relation to jobs also differs between European countries, as has been pointed out by authors of the European ESOP project (Düll, 2002; Barbier, 2002).

pensions for citizens with insufficient claims towards pension insurance (in Sweden, since the pension reform of 1999). This makes it much easier for their citizens to choose part-time employment. The UK also has a minimum pension in the first pillar system (Basic State Pension/Category A Retirement Pension), but the level of this pension is below the guaranteed minimum of existence for pensioners (Minimum Income Guarantee) and therefore not sufficient to prevent poverty in old age. In future, however, part-time workers will profit from the new 'State Second Pension' implemented in 2002. In particular, this scheme will increase the claims of employed people with low income from work (e.g. part-timers), compared with the former SERPS system (VDR, 2003).

In Spain, the insurance-based statutory pension system provides a contributory minimum pension, but for this benefit at least 15 years of contributions are required and marginal part-time jobs do not count. Taking up a part-time job in the second half of one's working life (e.g. after a period of child-raising) is also disadvantageous because the calculation of pensions is based on the income during the last 15 years of one's working career. Needy elderly people, however, have the right to receive a non-contributory, means-tested minimum pension.

As this analysis has shown, there are various redistributive elements in favour of part-time workers in most social security systems. In spite of these relative advantages for part-time workers, compared with full-time workers, part-time work might be perceived as unattractive from the individual's perspective. Pension systems with a relatively strong equivalence principle in the pension formula (like the German one) might hinder the take-up of a part-time job because they lead to a loss of potential pension income, compared with a full-time job. This effect is much more limited in countries with a first pillar system based on residence or citizenship (as the Dutch AOW system or the Danish *folkepension*), or where decent benefits are guaranteed for people with insufficient insurance claims (as in the new Swedish *garantiepension*). In these systems, a relative loss of pension income through part-time work only occurs within the second pillar (at the level of occupational pensions) and eventually in the third pillar (private savings).

In countries with strong elements of derived social security benefits (usually based on marriage), the take-up of a part-time job can also be unattractive because it leads to the obligation to pay social security contributions without generating new claims, or existing derived claims are reduced. In the German case, for example, married women who take up a job have to start paying contributions into health and care insurance. Before working, they had been insured in these systems through their husbands without paying any contributions. Other benefits, such as tax credits or survivor's pensions, are reduced or even eliminated in the case of own income. These regulations can be regarded as one important reason for the slow increase of female labour market participation in countries with a strong breadwinner model, in particular the conservative and Mediterranean countries. Social security regulations can, therefore, limit the readiness to take up part-time employment among both full-time workers and inactive people.

In addition, the relatively positive picture of the social protection of part-time workers in some countries does not hold for people with marginal part-time work. In Germany, for example, incentives to take up such work have been increased again (since April 2003), in spite of the fact that these jobs only give very limited access to social protection (for details, see Koch and Bäcker, 2003). The preference for these jobs, especially among married women, results from the fact that

they get their social protection ‘cheaper’ with no employment or only marginal employment, compared with a regular part-time job or even a full-time job. Thus, social protection systems can help to maintain the traditional breadwinner model, although in a slightly modified form.

Table 12 summarises the main results of the preceding analysis.

Table 12 Reduced working hours and effect on individual’s income and social security

Part-time work	Impact on the individual’s income and social security, with country examples	Possible effects and problems from a life course perspective
Regular/long part-time work	<p>Almost everywhere, full access to social security systems (e.g. healthcare and pension systems) is granted today (in particular: NL).</p> <p>Loss of income <i>pro rata</i> (or more in the case of wage discrimination against part-timers – eliminated in NL).</p> <p>Future pension income not affected in universal first pillar system. In insurance-based systems, pension working time reductions reduce the potential pension claim (e.g. DE, FR, SE, IT). In some countries, this effect is limited because minimum pensions are provided (SE, IT), or because only a limited number of years is taken into account (ES is 35 years; 45 years in DE), or because of special credits for certain part-timers (in DE, part-time work of mothers of children below 10 years generates the same pension claims as full-time work).</p>	<p>As far as access to social security is concerned, most restrictions discriminating against part-time workers have been abolished.</p> <p>As far as the absolute level of benefits is concerned, people with part-time jobs often build up lower claims than full-time workers (in proportion to their income). Long part-time periods bear the risk of poverty in old age, in particular where the public pension system only provides basic benefits (liberal countries) or where benefits are strictly oriented towards an equivalence between individual contributions and pension claim (DE and other conservative countries, although poverty of elderly women is reduced by derived rights here). This has a negative effect on the attitude towards and the take up of part-time work in many countries (e.g. in FR; not in NL).</p> <p>Relative to their investment in the system (by taxes, social security contributions), however, part-time workers, as well as workers with low full-time wages, usually have more than proportional claims, compared with full-time workers with higher wages, due to redistributive elements in the tax system (progressive income tax) and social security schemes. This is the case in universal schemes (DK, NL), as well as in schemes providing minimum benefits (ES) or special support for part-time work (DE).</p>
Marginal/short part-time work	<p>No overall definition of marginal part-time work, but, in some countries, jobs below a certain income and/or time thresholds give only limited access to social security.</p> <p>Examples: jobs below 12 hours in SE are not covered by unemployment insurance; jobs below €400/month in DE do not give access to unemployment and health insurance, and only generate very limited benefits in the pension system.</p>	<p>Income and time thresholds for small part-time jobs constitute special risks for people’s income and social security during working life, as well as in old age. This discourages marginal part-time work in some countries (e.g. SE).</p> <p>In countries with a persistent strong breadwinner model (e.g. DE), marginal part-time work has, nevertheless, become widespread due to existing taxation of married couples and existence of derived rights.</p>
Integrated part-time schemes	<p>Subsidised part-time schemes for special target groups. Privileged situation, compared with regular part-time, due to special cash benefits or social security rights. Most widespread in the field of (partial) parental leave (e.g. in FR, SE, DE, LU). Also existing in the field of partial retirement and for parents working part time (DE).</p>	<p>Integrated part-time schemes for certain situations and life phases can help people to take up part-time options at certain stages of their life because the negative effects on income and social security are limited.</p>

Countries: Austria (AT), Belgium (BE), Denmark (DK), Finland (FI), France (FR), Greece (EL), Ireland (IE), Italy (IT), Luxembourg (LU), Netherlands (NL), Spain (ES), Sweden (SE), United Kingdom (UK)

Flexible distribution of working time

As explained in Chapter 2, this report regards the concepts of working time accounts, time banking and annualisation as functional equivalents. What is crucial in the context of a reorganisation of time over the life course is the fact that all of these terms describe working time systems that enable a flexible distribution of working hours over a period that is longer than the traditional working week. At the same time, none of these terms defines the level of time sovereignty given to the employee within a certain scheme. It, therefore, remains open as to whether the employee can actually use a certain flexible working time system to structure his or her working time according to individual needs.

Following the 1993 EU Directive on certain aspects of the organisation of working time (93/104/EC), many European countries have developed a legislative framework that allows a flexible distribution of working time over longer reference periods, as long as the normal limits (e.g. concerning the maximum weekly working hours) are maintained on average. The maximum reference period varies. Most countries allow a reference period of 12 months, but in others this requires a collective agreement (e.g. Denmark, Ireland, Italy and UK; for overview, see EIROOnline, 2003, Table 1). Statistical information on the coverage of employees is still very limited.³⁵ In Germany, meanwhile, about 40% of all employees are covered by working time accounts. In a 2002 Dutch survey, 28% of respondents (employees) said that they were able to participate in a so-called *verlofspaarregeling* (working time account) and 11% actually used this.³⁶ The EIRO report concludes that annualisation schemes are most common in Germany, Denmark, France and Spain (followed by a second group of countries including Belgium, Finland, Italy and Luxembourg); whereas coverage is limited or non-existent in other countries such as Austria, Ireland, Greece and Portugal (EIROOnline, 2003).

To date, there is hardly any research on the impact of working time accounts or annualised working time schemes on social protection. The following analysis, therefore, concentrates on Germany since working time accounts are most widespread in this country. The German case can serve as an example of how many aspects have to be considered when the relationship between new time options and social security is scrutinised.

When the period of work and its compensation (through salary payments) do not match, as is often the case with 'saved' sabbaticals or long-term working time accounts, the question arises as to when social security contributions have to be paid and which periods are covered by the social insurance system. In 1998, in Germany, the law on social protection for flexible working times (*Gesetz zur sozialrechtlichen Absicherung flexibler Arbeitszeitregelungen*) regulated some of the former problems. Since then, social protection is guaranteed in all branches of social security in most cases where employees have contracts that allow them a flexible distribution of working time and the saving of time for time-out phases.

Nevertheless, there are certain risks for employees with flexible working time schemes, such as sabbaticals or long-term working time accounts. Problems arise in particular when unforeseen developments, on either the employee's side (such as illness, death or unemployment) or the

³⁵ The Eurostat Labour Force Survey does not cover this issue.

³⁶ Lower take-up rates (6%) for Dutch employees are reported by van Luijn and Keuzenkamp (2004).

employer's side (such as insolvency of the company), bring the contract to an untimely end. If employees cannot fulfil their contracts or use up their time credits (e.g. due to illness or death), a complicated procedure annulling the effects of the flexible working time model is set in motion (Wonneberger, 1998). In the case of the unemployment of an employee who had been saving for a sabbatical, unemployment benefits are not calculated according to the reduced salary, but rather according to the former full salary. Once the sabbatical has started, however, they are calculated on the basis of the reduced income level. If the employer has to put staff on short-time work due to work shortage in the company, workers have to use up a part of their savings in working time accounts before they can claim social security benefits. This limits their time sovereignty and it also means that they have to accept a reduction of social security, namely a reduction of collectively financed cash benefits.

In the case of insolvency of the employer, payment of salaries for the last three months preceding the date of insolvency is guaranteed. As far as savings on long-term working time accounts are concerned, however, there is a large deficit so far. The law stipulates the duty of employers to insure working time credits of their employees against insolvency. Yet, as an empirical investigation has revealed, to date, the majority of German companies with working time accounts do not have insurance covering working time accounts in case of insolvency (Schietinger, 2003).

Similar problems may arise within partial/phased retirement schemes. The current German scheme, introduced in 1996, works in a similar way to a working time account, but with subsidies. When the so-called block model is chosen, the worker continues working full time for the first half of the contracted period (usually five years) and stops working during the second half. The salary is constant during the whole duration of the contracted scheme, at a level of at least 70% of the former full-time salary (50% + a subsidy of at least 20%).³⁷ Again, there should be an insurance of partial retirement contracts against insolvency of the employer. Although deficits in this field were highlighted in a report presented by the German Labour Ministry at the end of 2001, and in spite of the demands of the trade unions to implement a legal regulation, the government at that time decided not to pass a law in this field, but to leave its regulation to the social partners. Since no significant improvement had been achieved since that time, however, a law was passed obliging companies to insure credits from phased retirement schemes against insolvency from July 2004.

In theory, annualisation schemes and working time accounts should reduce the amount of overtime worked. Although empirical evidence on the relationship between the use of annualisation schemes and overtime is limited, some evidence from Germany and the UK supports this assumption (whereas in other countries, such as Spain, there is no such evidence). In other countries (e.g. Ireland, Italy, France and UK), annualised schemes were often accompanied by a general reduction in working time (EIROOnline, 2003). Where annualisation schemes coincide with a reduction of overtime, this is likely to reduce premiums for overtime work and, therefore, the employees' income. In some countries, however, this trend has been offset by increases in basic pay rates (*ibid*).

So far, there is little empirical evidence of job creation through working time accounts or annualised hours (*ibid*). The introduction of flexible working times can help to replace external flexibility (making people redundant) by internal flexibility. What can be regarded as an advantage from the

³⁷ The partial retirement scheme can, therefore, be called an integrated option, where the time option is combined with collectively financed monetary benefits.

individual employee's perspective is the stabilisation of income (income security) and the increase in job stability (job security). However, the prize of this strategy is that the costs of unemployment are shifted onto the employees. They usually accept a loss of income (in case of labour shortage) in exchange for job security, while costs for the employer and the collective social unemployment insurance are reduced. This may be one reason for the fact that, in some countries (e.g. Denmark and Ireland), employers are much more in favour of flexible working time schemes than employees (*ibid*).

Nonetheless, working time accounts and annualised hours can contain great potential for employees to reorganise their working time over longer periods. To achieve this, certain conditions must be met, such as an overall reduction of working time (or at least a limitation of working hours), some compensation in the basic pay (to make up for the loss of overtime premiums) and some co-determination rights of the employee as far as working times are concerned.

Table 13 summarises the main results of the preceding analysis.

Table 13 Flexible distribution of working hours and effect on individual's income and social security

Flexible distribution of working time	Impact on the individual's income and social security, with country examples	Possible effects and problems from a life course perspective
Working time accounts, time banks, annualised hours	<p>High variety of flexible working time schemes throughout Europe. Working time arrangements are particularly widespread in DE (40%); annualisation systems also in DK, FR, ES; in NL, the common <i>verlofsparregeling</i> (working time account) has a similar character.</p> <p>Usually working time arrangements, time banks or annualisation systems are characterised by the fact that income and access to social security is stabilised, while the working time changes. Therefore, no particular problems arise as far as access to and level of social security is concerned. However, severe problems can arise when the arrangement is disturbed (see right).</p> <p>Income can be reduced when working time arrangements or annualisation systems reduce overtime – and overtime premiums.</p>	<p>Employees' options to use flexible working time schemes to structure their working time over the life course depend heavily on the level of time sovereignty that the system allows them. Existing systems show a wide variety on this point.</p> <p>Access to and level of social protection for people with flexible working time schemes can be negatively affected if problems on the employee or employer side bring the contract to an untimely end (e.g. because of sickness, unemployment or death of employee, or insolvency of employer). This can lead to a loss of (lifetime) income or social security transfers for the employee. Particular problems arise from insufficient insurance of the employer against insolvency (e.g. in DE, where insurance against insolvency in phased retirement schemes became compulsory in July 2004).</p>

Countries: Austria (AT), Belgium (BE), Denmark (DK), Finland (FI), France (FR), Greece (EL), Ireland (IE), Italy (IT), Luxembourg (LU), Netherlands (NL), Spain (ES), Sweden (SE), United Kingdom (UK)

Contribution of social security to household income over life course

Due to the different cash benefits provided by different social security schemes and sub-schemes, social security transfers play a different role for different types of household. The ECHP data allow an analysis and comparison of the coverage and weight of cash transfers for different household types and different countries. Table 12 (see above) illustrates the differences for six EU countries.³⁸

³⁸ Social transfers in the ECHP data comprise unemployment benefits, old age pensions, survivor's pensions, family-related benefits, sickness or invalidity benefits, educational allowances and other social benefits. Imputed rent from dwelling ownership is not included.

As the data in Table 14 show, social security benefits are mainly concentrated on two phases in life: the phase when people have children in the household and the phase of retirement, when people are 60 years or older. As far as the latter group is concerned, there are hardly any differences in coverage between the countries analysed: in each country, about 94%–98% of elderly couples receive social security benefits, usually pensions. As far as families with children are concerned, the coverage of benefits is very high in Germany, the Netherlands and UK, where (depending on the age of the minors and the country) between 93% and 100% of all families receive some benefits. In France, the coverage is somewhat lower, particularly for families with teenage children.

What is especially remarkable are the low coverage rates for Spanish and Italian families. In these Mediterranean welfare states, only about one-third of all families with children below 18 years receive cash benefits from their social security systems. If one looks at the weight that social security benefits have for the household income of recipients, however, the picture changes somewhat. As the data reveal, in Italy and Spain, cash benefits play a more important role for the minority receiving such benefits. Irrespective of the type of household and the position in the life course, social security transfers comprise a larger share of the household income of recipients, compared with the situation in Germany, France, the Netherlands and UK. This leads to the assumption that cash benefits can have a certain impact on the participation of parents in the labour market.

Elderly households in all countries receive about 80%–90% of their income from the social security system. Only in the UK, where first pillar pensions are only basic pensions, is the rate much lower (68%).

It has to be taken into account that social transfers comprise a range of benefits, including unemployment benefits. A higher coverage rate and weight of transfers in one country compared with another does not, therefore, necessarily reflect the generosity of one system for different phases in the life course, but can also be caused by different unemployment rates, etc. In a second step, the analysis is thus restricted to family benefits as one important branch of social security.

The data show that cash benefits for children are even more concentrated on the central phases of life. Whereas almost all couples with children who are minors in Germany, the Netherlands and UK receive some family benefits, the rate is much lower in France (51%–80%). Obviously, even some of the French families receiving other kinds of transfer cannot claim family benefits. The data also reveal considerable differences between the Mediterranean countries, showing that family benefits play hardly any role for Spanish families, whereas about one in five Italian families with children aged 0–12 years receive some benefit. It becomes obvious that family-related benefits only play a minor role in the budgets of families with children receiving such benefits. Irrespective of the country and the age of the children, no more than 10% of families' budgets are covered by family benefits. German families with pre-school children are an exception: the weight of family benefits in the household budgets of this group (12%) reflects not only the relatively high amount of benefits, but also the low family income due to a low labour market participation rate and a high take-up rate of parental leave of mothers of pre-school children.

The ECHP data illustrate that cash benefits in the Mediterranean states are much more selective and concentrated on needy families, where they play an important role. Among the social security benefits provided, family aid only plays a minor role, at least in Spain. In the other countries, particularly in Germany, the Netherlands and UK, certain cash benefits for families with children

are paid irrespective of household income and irrespective of the parents' labour market participation.

Table 14 Coverage and level of cash transfers over life course (1999)

Type of household	Germany	UK	Netherlands	France	Spain	Italy
Share of households receiving social security cash benefits (in %)						
0	24	30	39	42	*	13
1	26	18	17	48	19	10
2	98	93	95	87	29	27
3	100	98	100	79	27	34
4	100	93	95	66	38	33
5	77	52	45	55	49	57
6	49	47	43	49	47	59
7	95	97	94	98	97	97
Social security cash benefits as percentage of total household income for households receiving benefits (in %)						
0	21	20	25	20	*	27
1	12	9	11	14	24	18
2	16	10	9	15	27	14
3	14	10	10	12	25	23
4	11	8	10	12	25	26
5	21	19	26	27	26	40
6	35	32	48	39	48	51
7	83	68	88	85	85	88
Proportion of households receiving family cash benefits (in %)						
0	*	*	–	*	–	–
1	*	–	*	*	–	*
2	98	91	93	80	7	19
3	100	98	100	74	3	19
4	100	91	94	51	1	12
5	46	11	*	*	*	3
6	11	5	*	*	*	*
7	4	2	*	*	–	3
Family cash benefits as percentage of total household income for households receiving benefits (in %)						
0	*	*	–	*	–	–
1	*	3	*	*	–	*
2	12	6	5	9	10	7
3	9	6	7	8	5	5
4	7	4	5	6	5	3
5	5	3	*	*	*	2
6	7	6	*	*	*	*
7	13	12	*	*	–	3

Type of household:

0 = young single people without children; **1** = young couples without children; **2** = couples with pre-school children (under seven years); **3** = couples with children older than six years and younger than 13; **4** = couples with children older than 12 years and younger than 18; **5** = couples with children aged 18 and older; **6** = Couples without children, female older than 45 years; **7** = elderly couples without children, both spouses over 60 years (for further details, see Chapters 1 and 5).

– = no case; * = 1–10 cases, data not reliable.

Source: ECHP data

Since family benefits do not increase the average recipient's household income by more than 10% in any country, it can be assumed that their impact on parents' labour market participation is limited. It has to be taken into account that cash benefits are only one factor influencing decisions about labour market participation; other factors (such as tax systems, care facilities, role models) have also to be considered (Klammer and Daly, 2003).

For the retirement phase, social security benefits still play a major role in all countries, with high coverage rates and high shares of recipients' budgets. As mentioned earlier in this chapter, labour market participation and income over the life course are reflected to different degrees in different pension systems. The ECHP data cannot give any information about how individual labour market decisions are affected by the prospective retirement income in different countries.

Flexible working time options and social security systems

Employment interruptions, part-time work or contracts with shorter working time, and a more flexible distribution of working time do not only have consequences for the social security of employees. They also affect the social security systems themselves and their financial sustainability. This chapter analyses the implications of this.

Employment interruptions

The term employment interruption is used here to cover all kinds of periods during potential working life when a person does not spend time in paid work. Since this covers such diverse situations as unemployment, maternity/parental leave, care leave, sabbaticals or inactivity, the financial implications for the existing social security systems differ widely.

Employment interruptions cause direct social security expenditure (e.g. for unemployment benefits, social assistance payments, subsidised minimum pensions in old age). They also cause indirect costs by, for example, the loss of taxes and contributions in several fields (income and consumer tax, fewer contributions to social security systems). In a broader sense, additional factors would have to be considered, such as the loss of human capital deriving from employment interruptions and the resulting economic and social costs. These aspects are beyond the scope of this report.

Generally speaking, employment interruptions induce direct costs for the social security systems wherever the respective interruption or activity is perceived and accepted as a social risk. In this case, cash benefits are usually paid. Only two of the situations mentioned above generate a claim to cash benefits in all EU Member States – unemployment and maternity leave. The financial implications for the welfare state, however, differ from country to country, as becomes obvious in the case of unemployment. The financial burden does not only depend on the overall level of unemployment, but also on the eligibility criteria, the wage replacement rate of benefits and, last but not least, the duration of payments. Claims for non-means-tested payments range from four months (lower limit in France and Spain) to unlimited duration (in Belgium), often depending on the person's age and the duration of individual insurance prior to unemployment. Whereas Denmark, Belgium and Finland had the highest per capita spending for unemployment and active labour market policy in 2000, the relative weight of this field (as share of social security expenditure) was highest in Spain (BMGS, 2003).

For the financing of the unemployment systems, it is advantageous when companies choose strategies of internal flexibilisation (e.g. general working time reduction for all employees) rather than strategies of external flexibilisation (reduction of staff by making redundancies). If employees accept a reduction of their salary in exchange for workplace guarantees (as was the case in the German car company VW), they bear the costs of adjustment mainly themselves, whereas, in the case of redundancies, it is primarily the social security systems that pay the bill. Yet, employees do gain some security that might help them to plan their lives over a longer period.

Compared with unemployment benefits, payments for maternity leave have a much more restricted maximum duration (between 14 weeks in Germany and five months in Italy; 16 weeks in most

countries). The expenditure is usually financed by contributions and is part of the healthcare system. Beyond the legal minimum period of maternity leave, it is usually only paid as long as there is a loss of income due to the actual take-up of leave. This implies that the expenditure depends not only on the number of children born, but also on the labour market participation and income level of women prior to pregnancy, as well as, within limits, the duration of maternity leave that mothers actually take. If expenditure goes up, this generates a pressure on social security contributions, but usually not on taxes.

Longer leave for childcare is unpaid in many countries even if parental leave schemes exist, particularly in the Mediterranean countries (except for Italy) and in the liberal countries. The take-up rate of parental leave, therefore, does not play a direct role for the financing of public systems of social protection in these countries. The countries where payments for parental leave matter most are the Scandinavian countries (particularly Sweden), Germany, Austria, France, Luxembourg and Belgium. Given the low birth rates in most European countries, however, expenditure for maternity leave and parental leave currently plays a minor role in most European welfare states. With the exception of Luxembourg (16.6%), no welfare state in the EU in 2000 spent more than 13.1% of its social security budget on benefits for maternity and families, including child allowances (BMGS, 2003).

If the finding for parental leave periods is that social costs (e.g. opportunity costs) are privatised to a considerable degree, this is even more true for eldercare leave. As yet, very few countries provide direct cash benefits for this kind of leave, although private eldercare is an important field of welfare production (particularly in the Mediterranean countries) and helps to reduce social costs. As demographic projections underline, the proportion of elderly people and the need to improve the conditions for leave to provide care (full-time or part-time) will increase. Data from German care insurance reveal that a partial compensation for care leave (as incentive for private home care) is much cheaper than financing nursing homes by social security. Yet, from the perspective of social security systems, this advantage clearly risks a reinforcement of the gender-specific distribution of time and work.

It has to be stated that European welfare states, in particular some of the conservative and Mediterranean welfare states, do in fact heavily subsidise people (usually women) who withdraw from the labour market (become 'inactive') to perform care work. The most important instruments used for this are income taxation and derived rights for spouses (e.g. survivor's pensions). This gives family households some freedom to organise their time needs over the life course, but at the expense of a traditional gender model. A high share of welfare state expenditure (or tax relief) is used to finance this kind of inactivity or employment interruption.

The German system of joint taxation of married couples (with high rewards for the inactivity of the second person in the household) can be taken as an extreme example. The German Institute for Economic Research (DIW) estimated that, for 1998, the existing system of joint taxation of couples led to a loss of more than 60 billion DM of tax money (about €30 billion today), compared with a system of separate taxation with the rate applying to individuals (DIW, 1999a, 1999b). Due to this regulation, (married) couples with children living according to the breadwinner model receive much more financial support through the system of income taxation than through direct monetary family benefits. The distributional effects are questionable, however. Whereas married couples are

heavily subsidised for periods of inactivity, even if they do not have children or other care obligations, single parents (and other single people) receive less support from the welfare state, even if they do care work. This makes it clear that social protection schemes in these countries are not as well prepared for the new time needs over the life course of different groups of the population as are the Scandinavian welfare states, where more benefits are geared to the individual and based on the notion of citizenship (universal schemes).

The different concepts become evident when one compares expenditure for survivors in different welfare state regimes. In 2000, expenditure for survivors (per citizen) reached €703 and €628 in the conservative welfare states of Austria and Belgium, and €523 in the Mediterranean welfare state of Italy, but was only €196 in Sweden and €375 in Denmark (Eurostat data, see BMGS, 2003).

Generally speaking, from a macro perspective, an even distribution of the overall working time volume among the population (i.e. a low share of employment interruptions/inactivity spells in people's working lives) is advantageous for the financial sustainability of social security systems. As Tables 2 and 6 showed, in this respect, the Scandinavian and liberal welfare states (at least the UK) have some advantage, compared with most of the conservative and Mediterranean welfare states, where work (and working time) is very much concentrated, in particular on prime-age men. In order to decompress working life and diminish the unequal distribution of work between men and women, a better labour market integration of young and old people (particularly women of working age) would, therefore, help to ensure the sustainability of social security systems. This could help to save financial resources for a targeted, extended sponsoring of selected time-out periods.

Table 15 (overleaf) summarises the main results of the preceding analysis.

Part-time work

One might assume that an increase of part-time work (the part-time rate) would lead to financial problems in social insurance systems, where insured people with low contributions can claim benefits that are more than proportional, compared with their contributions. Examples of this are benefits-in-kind in healthcare systems based on citizenship or minimum pensions in retirement schemes. This financial consequence might not occur, however, when the increase in the number and share of part-time workers results from married women (who already had the right to citizen-based benefits or derived benefits based on their husband's insurance) entering the labour market.

In fact, in most European countries, the rise of part-time work over the last decades has coincided with the increasing participation rates of women in the labour market (especially married women). This applies in particular to countries where today's overall and female part-time rates are high, as in the Netherlands, Germany and the UK. In the Mediterranean countries, part-time rates are still low and part-time work for this reason has not yet had a great impact on the financing of social security systems. The following analysis, therefore, concentrates on those countries where there has been an impact.

Table 15 Employment interruptions and impact on financing of social security systems

Working time option/ arrangement or status	Expenditures and impact on financing of social security systems	Possible effects and problems, with country examples
Unemployment	<p>Multiple levels of social expenditure:</p> <ul style="list-style-type: none"> • direct social security expenditure (e.g. for unemployment benefits, social assistance payments or, later on, subsidised minimum pensions in old age); • indirect costs, e.g. by loss of taxes and contributions in several fields (income and consumer tax, fewer contributions to social security systems); • additional indirect costs (e.g. caused by loss of human capital deriving from employment interruptions and resulting economic and social developments). 	<p>Financial problems depend on level of unemployment in country (e.g. high in ES, DE) and on level and duration of payments (low in liberal countries, high in most conservative and Scandinavian countries).</p> <p>Structure of unemployment also plays a role: in the short term, unemployment of young people is cheaper than unemployment of elderly workers (because the latter can often claim higher benefits for a longer time, see Table 11); in the long term, unemployment of young people can induce higher social costs due to loss of human capital over the remaining lifetime.</p> <p>Companies can help to reduce public expenditure for unemployment when they focus on internal flexibility (e.g. training) instead of external flexibility (dismissals).</p> <p>Highest per capita-spending on unemployment (including ALM policy) in DK, BE and FI; highest relative weight of this field (as share of social security expenditures) in ES (2000).</p>
Maternity (and paternity) leave	<p>High cash transfers (usually earning replacement benefits, up to 100% of former income). In some countries (e.g. FR, DE), part of the benefit is paid by employer.</p>	<p>In most countries, development of expenditure for maternity leave has been influenced by contrary developments: Whereas the rising labour market participation of (young) women has increased coverage and level of benefits (and, thus, public expenditure in this field), the decrease in fertility (e.g. IT, DE) has led to a decrease in expenditure.</p> <p>Spending on paternity leave has risen due to introduction/extension of such systems, but are still not a decisive factor, except for a few countries (SE, DK).</p>
Parental leave	<p>Since many parental leave schemes are unpaid, take-up of parental leave does not play a direct role for financing of public systems of social protection in the majority of European countries. However, parents often receive credits towards the pension system (e.g. ES, DE).</p>	<p>The countries where payments for parental leave matter most within the public social security schemes are the Scandinavian countries (particularly SE), DE, AT, FR, LU and BE.</p> <p>Credits for parents in the pension system are either covered by contributions of all insured persons (e.g. ES) or by taxes (e.g. in DE, three years of tax-financed contributions per child).</p> <p>In life course perspective, public expenditure on parental leave can pay back when the leave system helps mothers (parents) to keep in contact with labour market; high payments for long leave or for leave without an employment guarantee bear the risk of supporting women's withdrawal from labour market.</p> <p>With exception of LU (16.6%), no welfare state in the EU in 2000 spent more than 13.1% of its social security budget on benefits for maternity and families (including child benefits).</p>

Table 15 (continued)

Working time option/ arrangement or status	Expenditures and impact on financing of social security systems	Possible effects and problems, with country examples
<p>Leave for sick children and for eldercare</p>	<p>Leave options to care for sick children exist in a number of countries; benefits are in some cases paid by the healthcare system (high income replacement rates, 70% in DE, NL; 80% in SE).</p> <p>Leave schemes for eldercare and ill adult relatives only exist in a few European countries (e.g. SE, NL) and are limited in time and field of application. In other countries, direct public expenditure on care leave is limited, but care leave beyond existing leave schemes is subsidised in countries with breadwinner model by tax credits (joint taxation) and derived social security benefits.</p>	<p>Within existing leave schemes, costs mainly arise for healthcare systems. Costs can be limited by take-up behaviour (e.g. when parents prefer to cover time needs for sick children by making use of flexible working time schemes, as in DE).</p> <p>In UK and IE, cash benefits are paid to needy carers, but public expenditure for social services (e.g. homes for elderly people) is much lower than in other countries, particularly the Scandinavian welfare states.</p> <p>The actual rise in costs is mainly caused by cash benefit to elderly people (e.g. NL, DE) and by rising expenditure for professional care, not by benefits for carers. Compared with financing of public eldercare facilities, cash for care is usually the cheaper solution (although more problematic from a gender perspective).</p> <p>A future rise of public expenditure in this field can be expected, due to demographic changes and individualisation.</p>
<p>Other leave (e.g. for training)</p>	<p>Most existing leave schemes (e.g. in NL, DE) are financed through a redistribution of time and money by the individual. The state has no direct costs, but contributes to these schemes by accepting a loss of taxes (particularly in countries with a highly progressive tax rate).</p> <p>In DK, sabbatical leave generated claims for cash benefits in unemployment insurance, but these options have been stopped (1998). Leave for training is still possible within the job rotation programme and is financed by unemployment insurance (unemployment benefits for the person on leave) and wage supplements paid by the state (for the person on leave and substitute).</p>	<p>Leave schemes not financed exclusively by employee and employer induce direct public expenditure (tax credits, cash benefits). Yet, they can eventually lead to a win-win situation and to public savings when they help to reduce unemployment through job rotation. In addition, financing leave for training can generate a positive return on investment if employees can make use of their better and updated qualifications. This can lead to more economic growth and higher tax income for the state.</p> <p>From a life course perspective, investing in younger groups in the labour market promises the highest rate of interest. There is, however, still reluctance to take up training leave options.</p>
<p>Inactivity</p>	<p>Inactivity quotas of groups of working age have decreased due to the rising labour market participation of women. The European employment targets aim at a further decrease of inactivity among the working age population.</p> <p>Passive benefits for inactive people (e.g. social assistance benefits) have been reduced in many European welfare states in recent years or have become more targeted to needy citizens or to people actively searching for work (e.g. Britain's 'New Deal' programme). This has led to a shift from passive to activating social security expenditure (e.g. DK since 1993).</p> <p>Universal benefit schemes profit more from an increase in activity than insurance-based systems. High costs for public tax and social security systems still arise from subsidies for the breadwinner families in some countries (see right).</p>	<p>Public expenditure on support of inactivity of the spouse is usually realised by tax credits and derived benefits (in healthcare or pension systems). The highest expenditure (or tax credits) on support of traditional or modified breadwinner model is in some of the conservative countries (e.g. DE, AT) and Mediterranean countries (IT, EL, ES).</p> <p>Examples: the system of joint taxation of spouses in DE implied a loss of about €30 billion in potential tax money in 1998, compared with a fully individualised system. In 2000, per capita expenditure for survivors reached more than €700 in AT, but only €375 in DK. The monetary equivalent of this kind of family sponsoring by far exceeds the amount of direct family transfers in many countries. The increasing labour market participation of women leads to a reduction of these costs; also reduction and targeting of derived benefits.</p> <p>In general, an even distribution of overall working-time volume among the population (low proportion of employment interruptions/inactivity spells in working life) is advantageous for financial sustainability of social security systems. This situation is characteristic of Scandinavian countries.</p>

Countries: Austria (AT), Belgium (BE), Denmark (DK), Finland (FI), France (FR), Greece (EL), Ireland (IE), Italy (IT), Luxembourg (LU), Netherlands (NL), Spain (ES), Sweden (SE), United Kingdom (UK)

In a historical perspective, the question is whether the growth of part-time work has restricted or increased the growth of social security expenditure. In the Netherlands, with its high part-time rates, part-time work for women has certainly improved the sustainability of the existing social security systems. It has to be taken into account that the Dutch welfare state – which has elements of the Scandinavian, citizen-based welfare state type – provides some health treatment (AWBZ system) and a basic pension (AOW and AnW) for all citizens. These benefits are financed by tax-like contributions on the taxable income of employees. Residents without taxable income have the same rights to benefits within these systems as tax-payers. Women taking up (part-time) employment started to pay social security contributions for some of the (basic) benefits they could have claimed anyway. Other segments of the statutory healthcare system cover employees and allow people to opt out when they earn more than a certain income threshold (in 2002, about €30,700 per year); many part-time workers do not have this option to change to a private health insurance. As far as the second pillar of the pension system is concerned, it is regulated by collective agreements and covers about 90% of the working population (VDR, 2003). Although most Dutch people with part-time jobs are covered, they usually cannot build up claims to the same extent as full-time workers. Due to the so-called franchise system, by which fictitious amounts of AOW claims are taken into account in the second pillar system, they usually do not achieve the same replacement rates. From the perspective of the second pillar system, this makes their pension cheaper in relation to their (former) wages.

The rising number of (part-time) working women and their growing financial independence also allowed the Dutch government to reform survivor's pensions. The new AnW system, implemented in 1996, restricted survivor's pensions to limited groups, such as disabled survivors or widows with children who were still minors, thereby limiting the expenditure for this branch of social security.

In Germany's healthcare and pension system, generous derived rights can be claimed by inactive spouses. The increase of part-time workers has thus led to savings in the field of derived benefits, as it has in the past. However, this has not yet led to a general legal reduction of derived rights. Nonetheless, as a result of the pension reform of 2001, personal income will restrict survivor's pension claims much more than before. The new regulation will lead to savings in the survivors' system at the expense of women with even low labour market income or pension claims.

A special problem in Germany is small part-time jobs ('mini-jobs' earning up to €400 per month and 'midi-jobs' earning up to €800 per month). Special regulations and significantly reduced rates for taxation and social security contributions apply to these. This kind of part-time work has not led to any financial relief for the German welfare state. The financial burden on the social insurance concerned (healthcare and pension system) is not that people can claim more than proportional personal benefits for their contributions; rather, the burden results from the fact that small part-time jobs (in the majority of cases, work carried out by married women) are only made possible because of large subsidies for one-earner and 1.5-earner families through the system of joint income taxation and derived social security rights. In this respect, the option to work for a few hours only, as well as the option not to work (in particular life phases or family forms), are just different examples of decommodification through the tax and social security system.

In the UK, the significance of small part-time jobs (for women) is similar to the situation in Germany. As far as the impact of part-time work on the financing of social security is concerned,

however, there are considerable differences between both countries. In the field of healthcare, the British situation resembles that of the Netherlands since the National Health Service (NHS) provides (basic) health treatment for the whole population. Unlike the Dutch AWBZ, the British NHS is tax-financed. A replacement of inactivity by part-time work has no impact on the number of people who can claim medical treatment, but it strengthens the financial basis for the system, provided that taxes are paid on the part-time salary. This depends on the level of income and the household structure. The tax burden of families with low household income has been reduced considerably by a subsidy introduced in 1999 called the Working Families Tax Credit (WFTC). The intention of this subsidy was to give families incentives to take up a job, even a low paid part-time job, and to reduce their dependency on social assistance benefits. Given this political strategy, the significance of part-time jobs for the sustainability of social protection might be higher for the social assistance scheme (income support) than for the health system.

The second field of the British welfare state is social security, comprising the protection of risks such as old age, survivors, unemployment, cash benefits for maternity, and illness and occupational diseases. This system is partly financed by a global social security contribution related to the employee's wage and partly by taxes. Currently, the employee pays 10% of contributions in the wage bracket between €139 per week (GBP £87) and €918 per week (GBP £575), and the employer pays an additional 11.9% without an upper earnings limit. The rate is reduced for people covered by certain occupational pension systems ('contracting-out'). It follows that the contribution burden for employees (as a proportion of their income) is highest for people earning about €918 per week (upper earnings limit), whereas people with lower (and higher) income contribute less than proportional to the system. Whether or not a growing number of part-time jobs leads to additional financial pressure for the social security system can only be estimated if one looks at the benefits side (see below).

The British system of social security provides three kinds of benefits: contributory benefits, non-contributory benefits and means-tested benefits. Only the first category is financed by contributions; the other two are tax-financed. As far as the contributory benefits are concerned, part-time workers with wages above the lower earnings limit profit more than proportionally from the unemployment system, where flat-rate benefits are paid irrespective of the former level of income and contributions. In the contributory part of the pension system, they can also profit from several regulations. The full amount of the Basic State Pension/Category A Retirement Pension, for example, is paid when 90% of one's working life is covered by 'qualifying years', irrespective of the amount of contributions paid into the system during these years. In addition, the new State Second Pension (the new version of SERPS) particularly favours people with low labour market income. While the increase in female employment, combined with the regulations mentioned, will lead to a higher proportion of women qualifying for their own insurance-based pension, there will be a parallel reduction in citizens dependent on non-contributory benefits (e.g. the Category B Retirement Pension for spouses with insufficient pension income, or the Category D Retirement Pension for needy people, aged 80 years and older). It can, therefore, be concluded that direct contributory social security benefits for part-time workers are higher than their financial contribution to the system, but at the same time this will reduce the expenditure for non-contributory or means-tested benefits.

In insurance systems with a strong correlation between contributions and benefits, the financial balance of the system is not influenced by the increase of part-time work. In particular, this is the

case in pension systems where pension formulas take into account the life-time (insured) income. In pension systems where the pension formula only takes into account the income level of a limited number of insured years (e.g. the last 15 years as in Spain, or the best 25 years as in France), part-time work can influence the sustainability of the system. When only the best years are counted (as in France), people with a mixed full-time/part-time biography can profit. However, the European pension reforms of the 1990s show a clear tendency to extend reference periods and to restrict redistributive measures from which part-timers used to profit (Klammer and Rolf, 1998). Examples of this trend can be seen in France, Italy and Sweden; in the latter two systems, the whole working biography now counts for the calculation of the pension.

This is the same in Germany. However, two integrated part-time options in Germany need to be mentioned:

- Part-time work for parents of children below the age of 10 years. These periods are taken into account as if they had been full-time periods; the additional costs are tax-financed (VAT, Eco-Tax) and are therefore financed by all tax-payers/citizens. A rise in part-time work of mothers (parents), therefore, requires higher tax subsidies to the pension system some decades later (when the insured parents retire). Yet, this increase in own pension rights of mothers will lead to a decrease of expenditure in the field of derived (widows') pensions, meaning that a part of the increase in expenditure is compensated.
- Partial/phased retirement. In this case, additional contributions are paid by the employer, but reimbursed by the National Labour Agency (through tax money) if the employer replaces the old worker with a young unemployed worker. This scheme, which is in fact used as an early retirement scheme, increases the expenditure of the National Labour Agency, but brings some relief for unemployment insurance. Employers, too, have additional costs, but at the same time this scheme gives them some flexibility to adjust personnel.

Summing up these findings, it can be said that, in many systems, or sub-systems, of social security, part-time workers can claim more than proportional benefits for their contributions, compared with full-time workers. This is particularly the case in citizen-based systems (e.g. in healthcare systems), but also in contribution-based social security insurance (e.g. pension systems that provide contributory minimum pensions). In a historical perspective, however, the rise in part-time work has helped to stabilise the existing social security systems. Since part-time work has mainly replaced inactivity, the proportion of the population contributing to the social security systems has actually risen. In addition, part-time workers are building up new individual claims and this reduces expenditure for derived or means-tested benefits.

Table 16 summarises the main results of the preceding analysis.

Table 16 Part-time work and impact on financing of social security systems

Working time option/ arrangement or status	Expenditure and impact on financing of social security systems	Possible effects and problems, with country examples
Regular/long part-time work	<p>In absolute terms, part-time workers, on average, pay lower social security contributions and taxes and, therefore, contribute less to the social security budgets than the average full-time worker. The benefits they can claim, however, are usually at least proportional to their financial contribution to the system.</p> <p>In systems with redistributive elements (e.g. universal or basic benefits, or targeted subsidies for special groups of part-time workers or people with low income, as in DE, FR), they can claim more than proportional benefits and achieve a better return on investment than average full-time workers. In the universal schemes (Scandinavian countries), this is the logical consequence of benefits based on citizenship. In countries with minimum benefits (e.g. liberal countries), it follows logically from the aim to prevent poverty.</p> <p>Targeted schemes for special groups of part-time workers (e.g. in DE, parents with children below 10 years, elderly workers in partial retirement) cause extra public expenditure, either tax-financed or contribution-financed.</p>	<p>It could be assumed that the rise of part-time work would cause additional problems for the financial sustainability of social security systems (see left). If a considerable number of existing full-time jobs were replaced by part-time jobs, this would cause financial problems (e.g. within PAYG (pay-as-you-go) pension insurance systems, where, after the shift towards part-time work, the present claims of former full-time workers would have to be financed by the (lower) contributions of present part-time workers).</p> <p>Mixed full-time/part-time work biographies can increase the financial pressure on pension systems when pension claims are based on a limited number of best years (as in FR). However, recent pension reforms have shown a trend to diminish these redistributive elements in favour of part-timers.</p> <p>From a historical perspective, however, the rise of part-time work has improved the financial sustainability of most social security systems because part-time work (of women) has mainly replaced inactivity, not full-time work. This trend decreases the expenditure on, and the need for, derived benefits and increases taxes and social security payments (examples: NL, DE).</p>
Marginal/short part-time work	<p>In some countries (e.g. FR, PT), access to social security does not depend on minimum job requirements; in other countries (e.g. DE, UK), access for people with marginal jobs is limited or impossible. Where small jobs with low income are integrated, public subsidies to social contributions have become widespread (e.g. FR, NL).</p> <p>In countries where people with small part-time jobs do not get direct access to social protection, direct public expenditure is not influenced by the (growing) number of marginal jobs, but there is a cross-financing, in particular through derived benefits and social assistance.</p>	<p>The rise of marginal jobs directly affects the financing of social security (sub-)systems where these jobs generate social security claims. While the overall impact depends on the transitions that people make into small part-time jobs (similar to part-time work, see above), the financial burden for social security systems is often higher, due to special subsidies for these jobs on the side of contributions or benefits (e.g. FR, NL). Countries that exclude small part-time jobs from access to social security (e.g. DE) avoid this direct financial burden, but have to bear the costs indirectly (e.g. in the tax-financed social assistance scheme or in the contribution-financed system of survivor's pensions). In the long term, the impact of small part-time jobs (and low income jobs) on the financing of social security mainly depends on the question of whether these jobs are transitional phases in people's lives or characteristic for the whole working life of certain groups. In the latter case, a high demand for minimum benefits/social assistance can be expected.</p>

Countries: Austria (AT), Belgium (BE), Denmark (DK), Finland (FI), France (FR), Greece (EL), Ireland (IE), Italy (IT), Luxembourg (LU), Netherlands (NL), Portugal (PT), Spain (ES), Sweden (SE), United Kingdom (UK)

Flexible distribution of working time

An interesting, but complex, field is the impact of working time accounts on the financial resources of social security systems. Since comparative research on this topic is still non-existent and since working time accounts are most widespread in Germany, the following explorative analysis is restricted to that country. The German case can illustrate the relevant aspects and complexity of the topic (see also Ebert, 2002), and can serve as a model for future research.

The way in which working time accounts influence the financing of the German social security system depends on:

- the kind of working time account (short-term, long-term or lifetime account). It is also important whether one regards the phase where credits are built up or the phase where they are dissolved. In addition, how the working time credit is used is relevant (whether as cash payments by the employer, sabbaticals, occupational pensions, or loss of credits);
- the orientation of the accounts and their impact on aggregate factors. It is important whether the working time in total goes up or down, and whether the wage quota increases or decreases;
- the varying impact for different branches of social security.

Given these relationships, the following aspects seem particularly important:

- Working time accounts tend to have a negative impact on the financing and sustainability of social insurance systems when they are used to prolong working hours and to reduce personnel, or when they lead to a decrease of the total wage sum. In the current German situation, there is a high probability that working time accounts are used in this way and the financing of social security, therefore, becomes even more difficult. Working time accounts that are used to reduce overtime would have the opposite effect. In the phase when working time credits are built up, the general tendency is towards a reduction of personnel (on the whole) and an increase in social security contributions. Ebert (2002) concludes, therefore, that long-term working time accounts are usually counter-productive in terms of the financing of social security.
- The impact of working times in the phase when the credit is used is multiple and depends on how the credit is used. From the perspective of social insurance systems, sabbaticals are the ideal option to use up working time credits. In this case, social security contributions have to be paid during the sabbatical and, if substitutes are employed for this period, they too have to pay contributions. Cash payments by the employer in exchange for working time credits are a kind of second best solution because they also mean that taxes and social security contributions have to be paid out of these payments. This, however, only reduces the financial pressure on health and care insurance. What is negative from the perspective of social security systems is the fact that, today, many time credits simply get lost. This leads to losses in taxes and social security contributions. Since the implementation of the fourth law for the introduction of the euro (4. *Euro-Einführungsgesetz*) in 2000, an additional option offered is to enable the employee to use working time credits for an occupational pension system (e.g. to retire earlier or to receive a higher pension). Again, in this case, social insurance systems lose contributions. Ebert (2002), therefore, sharply criticises this way of using up working time credits, and also because of adverse selection problems.

- As far as the sub-system of social security is concerned, the following general rules apply. For statutory pension insurance, it is the number of employees that counts: with a growing number of employees, there is a tendency towards decreasing contribution rates and vice versa. The average wage and the total sum of wages, on the contrary, are practically irrelevant to the financial balance of the system. Within unemployment insurance (another branch of social security with dynamic cash benefits), the relevance of the different factors is similar, but the level of adjustment in both directions is even larger, due to the fact that changes in the number of people in employment/unemployment directly influence the amount of benefits to be paid. When companies use working time accounts to reduce their personnel, this produces financial pressure on the systems; contribution rates are likely to rise. In social security branches that mainly offer services and benefits-in-kind (healthcare and care systems), the expenditure side is hardly influenced by the factors mentioned. Changes in the total sum of wages are relevant; contribution rates are likely to react inversely to changes of this indicator.

It can be concluded that long-term working time accounts in Germany, in most cases, have a negative impact on the financing and sustainability of social insurance systems. In phases of an imbalanced labour market and a shortage of labour demand, they hinder the progress of a general working time reduction and an interpersonal redistribution of paid labour. In the long term, due to demographic developments, it is not realistic to suppose that working time credits will be used for breaks or free time. If this assumption is true, there is not only a negative impact on the financing of social security systems in the short term, but also in the long term. In addition, the new option of saving for early retirement is contradicting European endeavours to increase the employment rate of elderly people and the actual retirement age.

Without doubt, long-term working time accounts can be an interesting means of distributing working time over working life. However, from the perspective of social insurance systems, working time accounts (like some other forms of reduced and more flexible employment) are an example of the trend of companies to externalise expenditure, thereby creating new problems for the financial sustainability of social security systems.

Table 17 summarises the main results of the preceding analysis.

Table 17 Flexible distribution of working time and impact on financing of social security systems

Working time option/ arrangement or status	Expenditure and impact on financing of social security systems	Possible effects and problems, with country examples
<p>Working time accounts, time banks, annualised hours</p>	<p>The relations between flexible working time models and social security systems are complex, particularly in the case of long-term working time arrangements. Their potential impact on financing depends on the specific welfare state regime; their actual impact is still not high in most countries, due to low coverage to date.</p> <p>In DE (where coverage of working time arrangements is already 40%), their impact on financing of social security mainly depends on:</p> <ul style="list-style-type: none"> • the kind of working time account (short-term, long-term or lifetime account); • the impact of working time arrangements on aggregate factors, e.g. working time, wage quota; • the social security branch under consideration. <p>Working time accounts tend to have a negative impact on financing and sustainability of social insurance systems when they are used to prolong working hours and to reduce personnel, or when they lead to a decrease of the total wage sum.</p> <p>In the period when time credits are used up, sabbaticals are ideal to improve the financial situation of the social insurance systems, followed by cash benefits in exchange for working time. However, when time credits get lost or are converted into (additional) occupational pension claims or early retirement, social security contributions (or taxes) to the general social security system are not being paid.</p>	<p>Working time arrangements have a high potential for a more flexible distribution of time over the life course and can be advantageous for both employers and employees. They can also contribute to the financial stability of social security systems, e.g. when used to reduce overtime.</p> <p>An analysis of the situation in Germany concludes, however, that long-term working time accounts today, in most cases, have a negative impact on the financing and sustainability of social insurance systems. In phases of an imbalanced labour market and a shortage of labour demand, they hinder the progress of a general working time reduction and an interpersonal redistribution of paid labour.</p> <p>Other problems are that working time credits quite often get lost or are used to retire earlier or to receive a higher occupational pension. In these cases, no social security contributions are paid into the social insurance systems. This tends to increase the financial pressure on these systems, in particular on unemployment insurance, followed by pension insurance.</p>

Source: Authors' analysis

Countries: Austria (AT), Belgium (BE), Denmark (DK), Finland (FI), France (FR), Greece (EL), Ireland (IE), Italy (IT), Luxembourg (LU), Netherlands (NL), Spain (ES), Sweden (SE), United Kingdom (UK)

Adapting social security to flexible life courses

An investigation of the relationships between time options over the life course and social security has to examine a triangle and the mutual influences between a) the welfare state regime, b) the broad range of possible time options/arrangements, and c) the implications of different time options/arrangements on social security in a certain regime type (see Figure 1). This is because different time options/arrangements can have different implications for the individual's social security protection, but also for the welfare system itself and its financial sustainability.

Summary

As the macro analysis in Chapter 1 has made obvious, the common welfare state typology is a useful tool to analyse the labour market integration of men and women over the life course. The four welfare state regimes reveal significant differences in this regard: while a high labour market integration of both sexes over the whole life course is typical for the Scandinavian regime, all of the three other regime types still show strongly gendered patterns. The conservative countries show the most obvious concentration of working time (on prime-age men), while, in the liberal countries, younger groups are better integrated into the labour market. The Mediterranean countries show a bifurcation of women's labour market integration: due to the lack of part-time work, women work either full time or are inactive in the labour market.

It has been shown that part of the cross-regime disparities can obviously be ascribed to institutional factors, although different mechanisms are at work here. In the Scandinavian countries, a range of leave options with income replacement benefits, high coverage of childcare, combined with universal benefits and an individualised tax system, seem to encourage and enable people to establish a long-lasting contact with the labour market. The low level of de-commodification in the liberal welfare states, and the resulting necessity to be active in the labour market, leads to some similar patterns in these countries. The high concentration of working time on prime-age men in most 'conservative' countries reflects the fact that not only leave options have an impact on actual time arrangements and time use. So, too, do underlying gender and age models that are directly and indirectly shaped and reinforced by, among other things, taxation systems, the role of individual and derived rights, eligibility criteria for social security benefits and the availability of public services to cover care needs.

The analysis in Chapter 3 of time options/arrangements and their impact on the individual's social protection has shown that one has to differentiate between interruptions of the working career, part-time work and systems that allow a flexible distribution of working time. Interruptions of working life are not always a matter of choice: unemployment is increasingly becoming part of working biographies in many European countries. Although unemployment is still one of the best-covered social risks, existing social security systems differ greatly with regard to access to unemployment schemes, eligibility and re-eligibility criteria, duration of benefits and income replacement rate of benefits. Deficits in social protection mainly occur in the case of long-term unemployment. In addition, unemployment early in the life course is often not protected as well as unemployment in later stages of life by cash benefits. For the future development of one's career, access to active labour market programmes plays a decisive role. Deficits in pension income mainly occur in occupational pension systems. This particularly affects pensioners in those countries where second pillar systems are of relatively high significance (as in the UK).

Most countries to date offer some leave schemes, at least for maternity leave. The right to take leave, however, is often not used when no benefits or only low flat-rate benefits are paid. In fact, many existing parental leave schemes in EU countries do not provide cash benefits (except for Sweden, where parental leave is accompanied by income-related cash benefits). In the case of care for elderly people – a field of growing importance – the options are even more limited, and most countries (with the exception of Sweden and the Netherlands) do not even have a right to take eldercare leave. For all leave systems, a second important aspect from the life course perspective is the question of whether employment security (the right to return to the former employer) is given. If this is not granted (as in the French parental leave scheme), a period of leave can turn out to be a trap for one's future career.

Schemes for sabbaticals or training leave (as in the Netherlands or Germany) are often based on a redistribution of time and money by the leave-taker. This gives people some time options and the continuation of the work contract has the advantage that access to existing branches of social security is usually granted. If these time-saving systems are used for care work (e.g. of elderly people) or other socially useful activities, however, it has to be asked whether there should not be some collective support for this. So far, the state contributes to these schemes through the income tax system only; a highly progressive tax rate can help to make these schemes more attractive.

The latter also holds true for part-time work. Part-time workers (as well as full-time workers with low income) can profit from redistributive elements in many social security systems and often receive more than proportional benefits, compared with people working full time. In some countries, there are additional targeted subsidies for special groups of part-time workers (e.g. in Germany, for parents working part time or elderly workers in partial retirement). However, the take-up of part-time work still contains an additional risk of poverty, particularly in countries with social insurance systems oriented towards the principle of equivalence. From a life course perspective, the total duration of periods of part-time work is a decisive factor (e.g. for later pension claims). Special social risks are connected with marginal part-time jobs. Although a general definition is missing in this field, in some countries (e.g. Germany, Sweden and UK), people with short working hours or income from work below certain thresholds have no, or only limited, access to social security. Again, the decisive question for people's social security protection over the life course is whether marginal part-time jobs only have a minor weight in one's employment career (e.g. in the entrance phase) or whether one becomes trapped in such jobs.

Working time schemes that allow a flexible distribution of time over a longer period of time (such as working time accounts) can help individuals to organise time over the life course according to their needs. As far as social security protection is concerned, however, long-term schemes contain some risks. One serious shortcoming is that many time credits, to date, are not insured against the insolvency of the employer.

Independent of existing rights to interrupt working life or to adjust the number of working hours, the general finding is that universalistic and individualised social security schemes (e.g. healthcare systems or pension systems based on citizenship, rather than on the individual work record) give people some freedom to make use of different time schemes and options offered. In this respect, the Scandinavian countries and the Netherlands provide a better institutional background for a flexible distribution of time over the life course than some of the continental/conservative countries.

In fact, the latter group of countries do supply some mechanisms that can help people to choose different time arrangements in the household. The systems of income taxation and derived rights to social security give married partners certain opportunities to choose their preferred working time arrangement and to adjust it over time. However, this approach can be criticised for several reasons – mainly because it reinforces the traditional breadwinner gender model, but also because it restricts choice to a certain subgroup of the population (spouses), whereas young people, single people or single parents do not have the same range of choice. The German system of joint taxation of spouses, with very high marginal tax rates for the second earner, for example, can be assumed to have a considerable influence not only on the labour supply of married women, but also on the time allocation within the family. Decisions early in the life course in this field (such as when children are born) often have an impact on the whole future life course of partners (particularly women).

Different time options and their take-up also have an impact on the expenditure and financial sustainability of social security systems. In principle, all kinds of leave schemes that provide cash benefits (and/or other benefits, such as access to training measures) cause direct social expenditure. However, so far, leave schemes have not contributed much to the financial crisis of most welfare states. Firstly, many leave schemes (e.g. several European parental leave schemes) are unpaid. Secondly, from the available data, many schemes have had low take-up rates until recently (e.g. sabbatical leave schemes). Thirdly, due to demographic change and low fertility, maternity leave (the best paid leave scheme in a cross-country comparison) plays a minor role financially, compared with other social security systems (such as old age pensions). Finally, public expenditure on certain leave schemes can, in the long term, lead to savings in social security expenditure; the Danish job rotation programmes, where an employee's training leave is combined with employment chances for unemployed people, served as an example of this.

Other kinds of work interruption, particularly unemployment and inactivity (meaning 'not active in the labour market'), threaten the financial sustainability of many social security systems to a much greater degree. Unemployment causes public expenditure and the loss of social security contributions and taxes on many levels, particularly in countries with high unemployment (e.g. Spain) and in countries that provide long-term and high cash benefits (e.g. the conservative and Scandinavian countries). Inactivity rates have gone down and should go down further, according to European targets. However, inactivity (in particular the inactivity of spouses) still induces high collective costs, mainly in countries that still support a breadwinner-type model (e.g. Germany). In the Scandinavian countries, inactivity is much lower.

One might assume that the rise of part-time jobs would endanger the financial basis of social security since part-time workers in absolute terms pay less into the social security system, while being capable of claiming more than proportional benefits, compared with full-time workers. In a historical perspective, however, this hypothesis does not hold true since part-time work has mainly replaced the inactivity of women, who already had access either to universal or to derived benefits. As far as small or marginal part-time work is concerned, some countries (e.g. France and the Netherlands) collectively support these jobs by reduced contribution rates or benefits that are more than proportional. In countries where small jobs do not give (full) access to social protection, costs nevertheless arise indirectly, for example, when social assistance or minimum pensions have to be paid. In fact, social costs depend on the level of distribution or (lifetime) concentration of such jobs among the population. From the perspective of the financial sustainability of welfare states, an

even distribution of working time among the whole population and a low concentration of poor quality jobs is a desirable goal.

Long-term working time accounts can help employees to adjust their time over the life course. Such accounts can also be advantageous for employers. As far as the financial impact on social security systems is concerned, however, the analysis comes to a more pessimistic result. In theory, working time accounts can help to reduce overtime and redistribute working time more evenly among the population, with positive effects for the financing of social security. In Germany, however, where working time accounts are most widespread, they currently do not contribute to a more equal distribution of working time and money among the population, but rather decrease the financial basis for the social security system and, therefore, tend to increase the financial pressures of the system.

Policy implications

As far as social security is concerned, the challenge to be met in the context of a new, more flexible organisation of time over the life course can be described as finding a new balance between commodification and decommodification, to use the terminology of Esping-Andersen (1990).

Commodification in this sense means that help for integration, or reintegration, in the labour market has to be offered. This can include assistance at the beginning of one's working life, after periods out of the labour market or after periods of reduced or precarious labour market participation (e.g. for people who interrupt paid work for unpaid care work or for those who become unemployed). It can also include support for mobility (regional mobility, job mobility) in case of job changes. The topic of commodification has been much promoted recently by the shift towards an active welfare state. However, in spite of the general trend towards activation, countries differ greatly in the degree and targeting of the help offered, as well as in the level of coercion they exercise.

Decommodification, in contrast, means independence from the labour market through the right to leave the labour market in certain situations and life phases, and in particular, through financial support for these phases. This has not been made superfluous by the shift towards the active welfare state. On the contrary, there is a need to rethink and redefine under what circumstances and for which phases people are not expected to gain their living through work, and how these periods (before, during and after the potentially active phase) can be covered.

Preparing and empowering people with regard to flexible time arrangements over the life course includes protection against unacceptable flexibility, as well as empowerment for desired flexibility. Among the key questions to be tackled in the policy arena are the following:

- *How can continuity in working life be supported and involuntary discontinuity be avoided?*
 - How can risks and insecurities that might be connected with certain types of atypical jobs (e.g. fixed-term contracts, small part-time jobs), as well as involuntary interruptions of the work biography and career breaks, be minimised?
 - How can dead-end roads be prevented and upward mobility supported?
 - How can training and lifelong learning contribute to employability throughout working life?
 - How can working conditions be improved in a way that occupational diseases are avoided and the legal retirement age can be reached or even postponed?

- *How can desired flexibility and discontinuity in terms of time use be enabled?*
 - What options should be regulated to allow people to adjust their working time according to their needs and preferences in different phases of their lives?
 - How can the wishes of employers and employees regarding flexibility of working times be reconciled?
- *How can transitions be supported?*
 - What kind of help should be provided to master transitions in working life?
 - How can people be empowered to actively face and manage risks connected to different time arrangements and employment interruptions?
- *How can a 'decompression' of working time be achieved?*
 - How can the trend towards a compression of the working biography at both ends be reversed to give room for different time needs during working life?
 - How can the entrance and exit phases of working life be remodelled through social security schemes?
- *How can cash benefits and other forms of financial support be reallocated?*
 - What new questions concerning intertemporal and interpersonal redistribution of money arise from new time arrangements over the life course, and how should they be solved?
 - What interruptions in the work biography should be covered by collectively financed cash benefits?
 - How can decent pension claims be achieved by people with discontinuous working biographies?
 - How can the transferability of claims (e.g. occupational pension claims) be improved for people with discontinuous careers?

These fields of action can be regarded as crucial for social policy in the context of a reorganisation of time over the life course.

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Appendix

Working time options in six European countries

	France	Germany	Netherlands	Spain	Sweden	UK
1 Reduce/increase working hours						
• Law, statutory arrangements	• right to ask for reduction	• reduction yes	• both	• right to ask for reduction	• only parents	• only parents: right to ask for reduction ^c
• Collective agreements at sector level	• yes	• reasons why	• yes	• yes, but rare	• 80 or 90% of legislation by CA	• yes
• Collective agreements at local level (companies/organisations)	• yes	• yes	• yes	• yes, but almost unused		• yes
2 Maternity leave						
• Law, statutory arrangements	• paid %	• paid	• paid	• paid	• paid % ^a	• paid %
• Collective agreements at sector level	• no	• no	• yes (8% of CAs ^e)	• yes, but not used	• possible	• yes, but rare
• Collective agreements at local level (companies/organisations)	• yes	• no	• yes (9% of firms)	• yes, but not used	• possible	• yes
3 Paternity leave						
• Law, statutory arrangements	• paid (%)	• no	• paid	• paid	• paid %	• paid %
• Collective agreements at sector level	• yes	• yes	• yes (15% of CAs)	• yes, but not used	• possible	• yes
• Collective agreements at local level (companies/organisations)	• yes	• no	• yes (6% of firms)	• yes, but not used	• possible	• yes
4 Parental leave						
• Law, statutory arrangements	• paid %	• paid %	• unpaid	• unpaid	• paid %	• unpaid
• Collective agreements at sector level	• ?	• yes	• yes (55% of CAs)	• possible, but rare	• yes	• ?
• Collective agreements at local level (companies/organisations)	• yes	• yes	• yes (16% of firms)	• yes, informal	• yes	• some have
5 Care leave						
• Law, statutory arrangements	• unpaid	• paid % ^f	• paid %	• paid	• paid %	• unpaid
• Collective agreements at sector level	• yes	• yes	• yes	• yes	• yes	• no
• Collective agreements at local level (companies/organisations)	• yes	• yes	• yes (26% of firms)	• yes	• yes	• some have
6 Sabbaticals and career breaks						
• Law, statutory arrangements	• right to ask	• unpaid	• financial facility ^b	• no	• 12 municipalities	• no
• Collective agreements at sector level	• yes	• yes, but rare	• yes (35% of CAs)	• yes	• yes	• no
• Collective agreements at local level (companies/organisations)	• yes	• yes, but rare	• yes (15% of firms)	• yes	• yes	• some have
7 Educational leave						
• Law, statutory arrangements	• paid %	• most Länder	• no (but see 9)	• yes	• unpaid	• no
• Collective agreements at sector level	• yes	• yes	• yes	• yes (public admin)	• yes	• no
• Collective agreements at local level (companies/organisations)	• yes	• yes	• yes	• yes	• yes	• some have
8 Working time accounts						
• Law, statutory arrangements	• yes	• yes ^g	• yes ^g	• no	• proposal (2002)	• no
• Collective agreements at sector level	• yes	• yes (frequent)	• yes (53% of CAs)	• yes, but not used	• yes	• no
• Collective agreements at local level (companies/organisations)	• yes	• yes (frequent)	• yes (64% of firms)	• yes, but not used	• yes	• no
9 Flexible retirement						
• Law, statutory arrangements	• paid % ^g	• paid % ^g	• no	• paid %	• paid %	• no
• Collective agreements at sector level	• yes	• yes	• yes	• yes	• yes	• no
• Collective agreements at local level (companies/organisations)	• yes	• yes (frequent)	• yes	• yes, frequent	• yes	• no

Legend:

% sign means that it is partially paid;

^a = only companies with more than 14 employees;

^b = no legal right, but a financial arrangement;

^c = parents of children under six years can apply for reduced working hours or flexible working hours;

^d = research in 2001 in the service sector (commercial and non-commercial) by Remery *et al* (2002);

^e = figures on collective agreements (CAs) date from 2000 and present % of CAs with additions to/deviations from the law;

^f = only if children are ill;

^g = only a legal framework, no legal right.

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How can employees juggle better the conflicting time constraints which arise at the so-called 'rush hour of life' – time for having and raising children, caring for dependants, investing in lifelong learning, building a house and progressing in their career? With the Lisbon Agenda, the European Union has committed itself to a fundamental reform process, including a restructuring of its labour markets, social security systems and working time regimes. This report looks into the potential re-shaping of time, income and social security provision over an individual's life course. It uses the model of the life course perspective – how to distribute time and income over the life course – to plot out various scenarios for re-distributing time in line with an individual's personal needs. The overall aim is to show how flexible time arrangements over the life course can lead to better individual quality of life – without impacting negatively on income level and social security benefits.

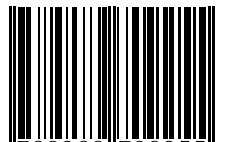
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