PRZEGLĄD ZACHODNI
2013, No. II

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LABOUR MARKETS OF HIGHLY DEVELOPED COUNTRIES AT THE BEGINNING OF THE 21ST CENTURY

The recent financial crisis and the fall in production caused by it in many countries, have made issues of employment appear less important, especially in the press. This is surprising for many reasons, two of which seem to be most significant. The collapse of financial markets has primarily affected the middle class and owners of considerable capital. They are the ones who have surplus funds which they can invest in financial markets and profit or, as it happened recently, suffer considerable losses. The collapse of financial markets has not had truly painful consequences for persons who earn their living from paid employment. However, for some dozen years, the situation in global labour (job) markets has been deteriorating. Its spectacular manifestation is high unemployment in most OECD countries and economically lagging areas. An analysis of statistical data demonstrates that in the first years of the 21st century, the situation worsened in most countries of the European Union (Table 1 below). A significant decrease in the unemployment rate was noted only in three countries: Bulgaria, Poland and Slovakia. Special attention should be paid, however, to a visible growth of unemployment in the United States, a country which has long boasted of its low unemployed rate. A significant deterioration of the situation in the labour market was also recorded in Turkey, the high economic growth of which kept astonishing economic observers. In Turkey, the unemployment rate increased from 5.2% in 2000 to 11.8% ten years later.[1]

Recent data and research on the persisting high unemployment indicate a structural dimension of the phenomenon, i.e. labour force underutilisation. It means that mankind could deliver far more goods and services than people actually do. Opponents of modern capitalism suggest that if people produce less, it is a result of the system inherent malfunctioning. It may also be presumed that labour force underutilisation is, to an extent, a consequence of relatively well-functioning social security systems in OECD countries.

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[1] *Verantwortung für Europa wahrnehmen. Jahresgutachten 2011-2012,* Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung, Berlin 2011, p. 367.

Table 1

Unemployment rate in selected countries in 2000 and 2010 (%)

Country	Year		Country	Year	
	2000	2010		2000	2010
Austria	3.6	4.4	Bulgaria	16.4	10.2
Belgium	6.9	8.3	Cyprus	4.9	6.3
Denmark	4.3	7.4	Czech Republic	8.7	7.3
Finland	9.8	8.4	Estonia	13.6	16.9
France	9.0	9.8	Hungary	6.4	11.2
Germany	7.5	7.1	Lithuania	16.4	17.8
Greece	11.2	12.6	Latvia	13.7	18.7
Ireland	4.2	13.7	Malta	6.7	6.9
Italy	10.1	8.4	Poland	16.1	9.6
Luxemburg	2.2	4.5	Romania	7.3	7.3
Netherlands	3.1	4.5	Slovakia	18.8	14.4
Portugal	4.0	12.0	Slovenia	6.7	7.3
Spain	11.1	20.1	European Union	8.7	9.7
Sweden	5.6	8.4	Japan	4.7	5.1
UK	5.4	7.8	USA	4.0	9.6

Source: *Verantwortung für Europa wahrnehmen. Jahresgutachten 2011-2012,* Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung, Berlin 2011, p. 367.

GROWING COSTS OF EMPLOYMENT

From among many developments determining the situation in labour markets of highly developed countries, the following three are most significant:

– growing costs of employment,
– departure from traditional forms of employment,
– reduction of working time.

Table 2

Change in labour costs in selected OECD countries in 1980-2010 (increase in the costs of one man-hour in the processing industry, expressed as a percentage)

Country	1980-2000	2001-2010
Japan	359	15
Finland	177	42
UK	167	20
Austria	158	48
Greece	142	87
Ireland	140	86
USA	136	6
Norway	128	96
Denmark	127	49
Switzerland	127	64
Germany (Western part)	123	39
France	109	83
Italy	106	62
Luxembourg	86	43
Netherlands	84	46
Belgium	83	70
Sweden	83	78
Average	137	55

Source: Author's own calculations based on: Ch. Schröder (2001), *Industrielle Arbeitskosten im internationalen Vergleich,* „iw-trends" No. 2, p. 62; idem (2002), *Industrielle Arbeitskosten im internationalen Vergleich,* „iw-trends", No. 2, p. 9 and idem (2011), *Industrielle Arbeitskosten im internationalen Vergleich,* „iw-trends" No. 4, p. 8.

One of most important factors determining the number of the employed and the structure of employment are wages/salaries. They fulfil two fundamental functions. On the one hand, they constitute the basic income of a considerable part of the society and, on the other, they are one of key elements of production/manufacturing costs. Wages have an impact on employment figures and, thus, indirectly, on the unemployment rate.

Labour costs constitute an important factor determining economic decisions and cannot be considered static. It is necessary to analyse most significant trends of changes in this area and also the shaping of most important elements which determine total employment costs. An analysis of labour costs borne by industrial companies in 17 OECD countries in the years 1980-2010 (Table 2 above) leads to some

general conclusions. Between 1980 and 2000, an unprecedented increase in labour costs was recorded, however, in the subsequent decade, a slight slowdown in their growth could have been observed. In the first sub-period, the average cost of one man-hour calculated for those countries increased by 137% and the growth ranged from 359% in Japan to 83% in Belgium and Sweden. In the years 2001-2010, the growth amounted to 55%. It was highest in affluent Norway, in Ireland rapidly developing in the first half of the decade, and – as it was learned shortly – in Greece which was living somewhat beyond its means. In result of the fast growth of labour costs, in Norway, where they have been the highest, the costs of one man-hour in industrial companies amounted to nearly EUR 50 in 2011[2]. In Switzerland, it was equal to EUR 41, in Belgium to EUR 39, in Germany to EUR 35, in the US to EUR 24, in the UK to EUR 23 and in Greece to EUR 17.[3]

Table 3

Labour costs in industrial companies of selected countries in 1980, 2001 and 2010 (in euro)

Country	Costs of one man-hour	Wage	Associated costs	Associated costs/wage ratio		
	2010			1980	2001	2010
Norway	49.54	31.98	17.56	48	48	55
Switzerland	40.87	26.12	14.75	47	53	55
Belgium	39.31	19.79	19.53	80	96	99
Sweden	37.23	20.69	16.53	64	69	80
Denmark	36.58	27.02	9.56	22	25	35
Germany (Western part)	36.28	20.67	15.61	75	81	76
France	34.55	19.75	14.72	80	91	97
Netherlands	32.01	18.17	13.84	76	80	76
Italy	25.82	14.50	11.32	85	96	78
Japan	25.49	14.33	11.16	64	69	78
USA	24.41	16.58	7.83	37	39	47
UK	23.10	16.60	6.51	39	43	39

Source: Author's own calculations based on: Ch. Schröder (2002), *Industrielle Arbeitskosten,* „iw-trends" No. 2, p. 50; idem (2008), *Industrielle Arbeitskosten,* „iw-trends" No. 3; idem (2011), *Industrielle Arbeitskosten,* „iw-trends" No. 4, p. 8.

[2] In 2011, it was EUR 49.54, Ch. Schröder (2011), *Industrielle Arbeitskosten im internationalen Vergleich,* „iw-trends" No. 4, p. 8.

[3] *Ibid*., p. 8.

The level of one man-hour costs is, of course, determined primarily by the gross wage per employee. It comprises the net wage and associated costs. The shaping of the latter follows from statutory regulations or/and tariff arrangements. The most important cost constituents include: remuneration for statutory paid leave, various other additional payments (e.g. end of year bonus, Christmas bonus), contributions for unemployment schemes, health insurance and pension funds. Their total amount depends on various factors, the most important of which include tradition, the extent to which labour market is regulated and the role of trade unions. A comparison of the situation in selected OECD countries in the years 1980-2010 demonstrates that, except for Italy, the high ratio of associated costs to wages/salaries persists (cf. Table 3 above). In some countries, the levels of costs and wages are similar, while in France, for example, associated costs were higher than wages (in 2007).

A relatively small share of associated costs in American and British companies is due to the far-reaching deregulation of those labour markets and a limited, especially in the US, role of trade unions. While, at the end of the first decade of the 21st century, the level of trade union membership in EU countries was 23%, in the United States it was almost two times lower (cf. Table 4 below).

Trade unions are traditionally highly popular in Nordic countries and little popular in France and now also in post-communist countries. Special attention should be paid to Denmark. There the high trade union membership is accompanied by the traditionally lowest share of associated costs in gross wages in OECD countries. It results from Danish regulations on social security and the tax system. In Denmark, unlike in most European countries, the social security system is managed by the state. If a state pays benefits, some specific fiscal solutions need to be adopted. In Denmark, they come down to very high tax rates. Their level is definitely the highest in highly developed countries.[4]

It seems, however, that the decline in trade union membership has been caused mainly by structural changes observed in recent decades. In general, the significance of the industrial/manufacturing sector decreased while the role of services grew. As history teaches us, the industrial/manufacturing sector has traditionally been the mainstay of strong trade unions. In the service sector, the trade union membership is usually much lower. It is also significant that in services, women and part-time employees constitute a significant part of the work force. These groups of employees are traditionally not interested in joining trade unions.

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[4] Cf. also: H. P. Fröhlich, H. P. Klös, F. Kroker, F. J. Link, C. Schnabel (1994), *Lohnpolitik in der europäischen Währungsunion,* „Beitrage zur Wirtschafts- und Sozialpolitik Köln“ No. 2, pp. 24-35.

Table 4

Popularity of trade unions in European countries (2008)

Country	Percentage of employees in trade unions	Country	Percentage of employees in trade unions
Finland	74	Greece	24
Sweden	71	Netherlands	22
Denmark	67	Bulgaria	20
Cyprus	55	Germany	19
Norway	53	Portugal	19
Belgium	52	Czech Republic	17
Malta	48	Hungary	17
Luxembourg	37	Slovakia	17
Italy	35	Spain	16
Ireland	34	Poland	15
Romania	33	Latvia	14
Slovenia	30	Estonia	10
Austria	28	Lithuania	9
UK	27	France	8

Source: *Gewerkschaften. Quer durch Europa,* www.worker-participation.eu (accessed 28.07.2012).

ATYPICAL FORMS OF EMPLOYMENT

A departure from a traditional employment contract is an important trend, the significance of which has been growing after its beginning in highly developed economies some dozen years ago. Each year, the percentage of persons employed for an indefinite term on a full time basis decreases. In contrast, various atypical forms of employment become more popular. One reason for the immensely growing popularity of new solutions is, unquestionably, the continuously growing importance of different types of services. As much as a permanent full-time job was a rule in the industrial/manufacturing sector, which until recently was dominant, the changes in labour markets of highly developed countries resulted in abandoning traditional and, as it seemed, eternal principles and bonds. The process of moving away from the dominant, until recently, traditional employment model, which has been referred to as "increasing employment flexibility" and later *flexicurity*, can take many different forms. The most common ones include teleworking, various models of working time and workers being hired out by employment agencies.

The large scale of the phenomenon has been confirmed by research conducted in Germany. In 1996, less than 20% of the employed had nonstandard contracts while 13 years later, their number increased by almost 4 percentage points (Table 5). Research carried out in 2011 in 17 thousand companies from 80 countries demonstrated that, contrary to expectations, flexible forms of employment keep gaining importance not only in Europe and the US, but also in Asian countries (Table 6)

Table 5

Nonstandard employment contracts in Germany by sector and industry in 1996 and 2009

Content	1996		2009		Change
	thousands	%	thousands	%	%
Primary sector	128	13.1	122	16.2	-4.7
Secondary sector	1,001	8.5	1,192	11.2	19.1
Tertiary sector	3,732	18.4	5,899	25.0	58.1
including:					
Trade and hotel industry	965	16.8	1,588	27.0	64.6
Transport and communications	181	9.8	321	16.5	77.7
Banks and insurances	133	11.2	177	14.5	33.1
Public administration, etc.	470	16.6	400	16.0	14.9
Public and personal services	1,586	24.2	2,520	30.4	58.9
Economy in total	4,861	19.7	7,213	23.4	48.4

Source: G. Bosch, C. Weinkopf (2011), *Arbeitsverhältnisse im Dienstleistungssektor,* „WSI Mitteilungen“ No. 9, p. 441.

New solutions have many advantages. German *Siemens*, a company which has long led in introducing new solutions to broadly understood management, is an example. In one of its offices, in Düsseldorf, employees are free to choose the room in which they wish to work. However, they do that relatively rarely as they mainly work from home and “on the road”. An analysis performed demonstrated that employees who are free to choose their workplace are not only more productive. They are also healthier and highly satisfied with the work they do; they save time and money, and contribute to the reduction of carbon dioxide emission. Almost 90% of bosses of German companies have declared that they are convinced that flexible working time makes it possible to better reconcile family responsibilities and work. Although advantages of this solution have been noticed around the world, the degree of its popularity varies. Research carried out by Booz & Co., a consulting company, revealed that teleworking/telecommuting is especially popular in the BRIC countries (Table 7). In Germany, telework is relatively unpopular which may come as

a surprise. While analysing the situation in Germany, one can notice a dissonance between expectations and the reality. In 2010, 10% of the employed occasionally worked from home. 20% of respondents declared to be interested in working that way every day, while 37% would like to perform their professional duties from home at least on some weekdays.[5] Nevertheless, the number of companies offering such an option increases every year. In 2003, they accounted for only 8% of economic entities while 6 years later, the ratio increased to 22%. It can be expected that this trend will continue. It is estimated that in 2030, employees in OECD countries will spend at least 50% of their work time working from home.[6]

Table 6

Popularity of flexible working time models in selected countries (percentage of companies which agree with the presented opinion)

	We offer flexible working time and/or teleworking to our employees	Flexible working time has a positive impact on the balance between work and family life of our employees	Flexible working time and teleworking increase our attractiveness as an employer
Canada	88	65	28
USA	85	79	31
UK	83	67	22
Italy	81	70	31
Germany	76	88	16
China	74	57	23
Japan	49	57	24

Source: *Egal wo, egal wann* (2012), "iw-dienst", No. 8, p. 1.

Teleworking is attractive to many employees, but other atypical forms of employment, the significance of which grows, are not very popular. Due to growing labour costs on the one hand, and progressing globalisation on the other, employers seek to reduce employment in various ways. In result, precarious jobs are increasingly discussed in the subject literature. Precarious employment refers to employment terms which widely diverge from standards customarily adopted in a given country or industry. This refers to the level of wages, job security and the integration

[5] *Homeoffice beim Hurrikan* (2011), „iw-dienst" No. 32, p. 1.

[6] *Egal wo, egal wann* (2012), „iw-dienst" No. 8, p. 1; cf. A. Świątkowski, M. Wujczyk (2011), *Między elastycznością zatrudnienia a stabilnością socjalną. Idea 'flexicurity' na początku XXI w.,* „Praca i Zabezpieczenie Społeczne" No. 5, pp. 8-15.

level. From the labour force view, special attention should be paid to the uncertainty of employment and wages below subsistence level.[7]"

Table 7

Popularity of teleworking in selected countries (2011)

Country	Percentage of respondents, whose answer to the question: *"Do you have to be physically present at your workplace to work effectively?"* was:		
	No. Thanks to suitable technology I can be equally productive working outside the company premises	**Yes.** I need to be in the company premises to consult some issues. It is not necessary every day	**Yes.** If possible, I should be at my workplace every day
India	79	14	7
Brazil	43	34	23
Russia	41	20	39
China	37	44	19
Mexico	37	22	41
France	37	19	44
USA	35	25	41
UK	34	21	45
Spain	33	25	42
Australia	30	27	43
Germany	27	16	57
Japan	23	21	56
Italy	22	25	53

Source: *Homeoffice beim Hurrikan* (2011), "iw-dienst" No. 32, p. 1.

An increasingly popular type of employment is one for a fixed term. Studies conducted by the Institute for Employment Research (*Institut für Arbeitsmarkt- und Berufsforschung*), Nuremberg, have demonstrated that over 17 years, the percentage of persons employed in that way in the total number of employees increased by 2 percentage points in EU member states (Table 8).

[7] K. Dörre (2005), *Prekarität – Eine arbeitspolitische Herausforderung,* „WSI Mitteilungen" No. 5, p. 252.

Table 8

Share of persons employed for a fixed term in the total number of employees in selected countries in 1992, 2000, 2008, and 2009 (percentage)

Country	1992	2000	2008	2009
Denmark	11.0	10.2	8.3	8.9
France	10.4	15.4	14.1	13.5
Germany	10.5	12.8	14.7	14.5
Italy	7.1	10.1	13.3	12.5
Spain	33.6	32.4	29.3	25.5
UK	5.5	6.6	5.3	5.5
EU 15	11.5	13.6	14.4	13.6

Source: T. Rhein (2010), *Beschäftigungsdynamik im internationalen Vergleich. Ist Europa auf dem Weg zum „Turbo-Arbeitsmarkt* "?, „JAB Kurzbericht" No. 19, p. 3.

The popularity of definite term employment largely depends on the degree to which a national labour market is regulated and, in particular, on adopted dismissal procedures. That is why this solution is little used in Denmark and Great Britain, i.e. in countries where protection against dismissal is relatively little. In Spain, the situation is different. There employment for a fixed term is often treated by employers as a way around obligations to which they must strictly comply if they dismiss employees. In Spain, fixed term employment is very popular, however, its popularity has somewhat decreased recently due to liberalisation of indefinite term employment contracts. In Germany and Italy, the opposite has happened. There the number of fixed term contracts has markedly grown once facilitating provisions were introduced.

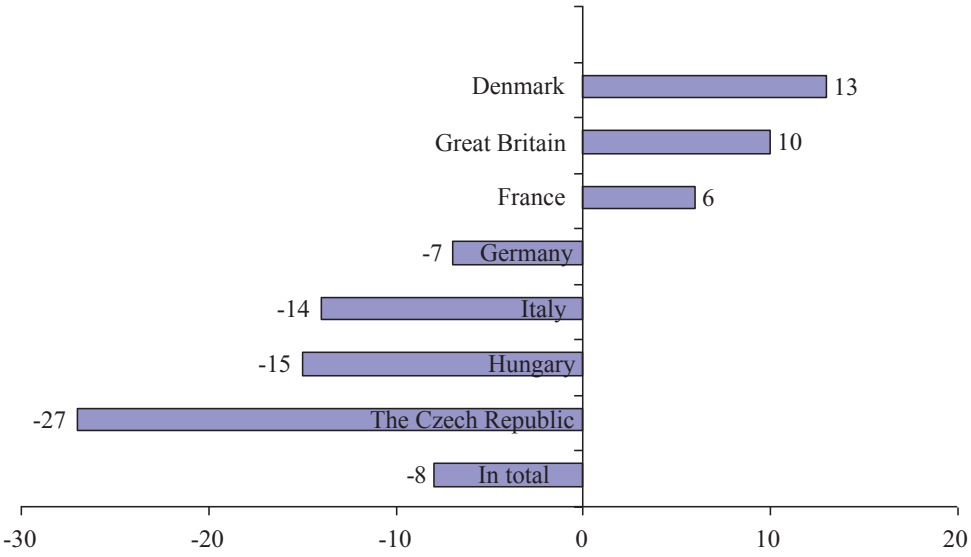
An increase in the popularity of fixed term employment observed in most EU member states, is especially significant in the context of the persisting high unemployment rates. Job seekers deprived against their will of a chance to legally earn money, have to be aware that they will probably not find a "proper" indefinite term full-time job but, in most cases, fixed term jobs only.

The above has been confirmed by a research on 10 EU member states: Belgium, Czech Republic, Denmark, France, Germany, Hungary, Italy, Poland, Spain, and the UK. The aim of the research was to compare job-finding prospects in the said countries in the years 1997-1998 and 2007-2008. It was found that the number of

the unemployed who found a "proper" job[8], i.e. an indefinite term one, decreased by 8% on average. Most negatively affected were Czechs and Hungarians, and least the British and Danes, i.e. citizens of countries where the labour market is liberalised to a considerable extent (Figure 1). Research conducted in Germany on the years 2001-2011, indicates a continuously growing share of fixed term contracts in the total number of employment contracts. In the year 2001, the ratio amounted to 32%. 10 years later, it was equal to as much as 45%.

Figure 1

Change (in percentage points) in the percentage of the unemployed who had fixed term jobs in 2007-2008 as compared to 1997-1998



Source: R. Konle-Seidl, P. Truebswetter (2011), *Dynamik auf den europäischen Arbeitsmärkten. Sind unsichere Verträge der Preis für mehr Beschäftigung?,* „IAB-Kurzbericht" No. 25, p. 6

The number of people hired for a fixed period of time increased from 1.7 to 2.7 million. It means that they account for as many as 9.5% of all the employed. In 2011, every second newly employed woman was offered that type of contract only.[9] Surely, the share of this type of employment varies in different sectors. Most fixed term jobs are offered by educational institutions and in the health care sector (cf. Table 9).

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[8] R. Konle-Seidl, P. Truebswetter (2011), *Dynamik auf den europäischen Arbeitsmärkten. Sind unsichere Verträge der Preis für mehr Beschäftigung?,* „IAB-Kurzbericht" No. 25, p. 6.

[9] Ch. Hohendanner (2012), *Befristete Arbeitsverhältnisse. Auch Mann trägt kurz,* „IAB-Forum" No. 1, p. 62 and 63.

Table 9

Structure of fixed term employment in Germany in 2011

Industry	Share of women in total employment	Share of people employed for a fixed term in total employment		
		total	women	men
Agriculture and forestry	33	9.1	9.8	8.7
Food industry	48	7.1	8.6	5.6
Construction	14	2.6	1.4	2.8
Retail trade	69	5.7	6.2	4.6
Transport and storage	21	6.1	6.3	6.1
Hotel industry	61	11.3	11.8	10.4
Banks and insurance	56	2.5	2.8	2.8
Education	68	16.2	14.4	20.0
Total	45	7.6	9.0	6.5

Source: Ch. Hohendanner (2012), *Befristete Arbeitsverhältnisse. Auch Mann trägt kurz,* „IAB-Forum" No. 1, p. 64.

The above mentioned research conducted in 10 EU member states demonstrated that not everybody has equal chances to get an indefinite term job. It demonstrated that "problem groups" are disadvantaged in the labour market . Men have better employment prospects than women. People of working age who are most productive, i.e. the 26-50 age group, have a greater chance to find a long time job. Members of extreme age groups are in a definitely more difficult situation. As expected, prospects for people with higher education are much better. It is easiest to find an indefinite term job in industrial/manufacturing companies and it is hardest to find one in agriculture.

Temporary agency work contracts are a case of a particular type of employment scheme. Three parties are involved: a temporary work agency, an "agency" worker, and an enterprise for which the worker will do the job. In a way, the agency hires out the worker to a different company against payment. The worker has an employment contract with the employment agency, which has to comply with provisions concerning worker protection and/or social security (insurance) and incurs all costs normally associated with employment. The employment relationship is usually open-ended. That type of employment is known in all EU member states. The popularity of temporary employment and solutions adopted differ largely (Table 10). First of all, there

are differences in the popularity of agency work, average employment duration, the dominant type of employment (percentage of part-time employees) and wages. Temporary work is the least popular in new EU member states. It is most popular in the UK known for its high level of labour market liberalisation. A more careful analysis of the situation in the UK makes it clear that much caution is needed while accessing the scale of the phenomenon. Authors who write about a record share of agency work contracts refer to annual surveys carried by the British Recruitment and Employment Confederation. It turns out, however, that of 13 thousand temporary-work agencies only 5% participated in the surveys and "general" conclusions were drawn on the basis of that limited data. Thus, it is not surprising that according to research commissioned by the Department of Trade and Industry, the number of "agency" workers is 600-700 thousand. According to the Labour Force Survey, the number is much smaller, only 250 thousand.[10]

Table 10

Popularity of temporary employment in selected European Union countries (2008)

Country	Share in total employment	Permissible contract duration	Statutory minimum hourly wage (in euro)
Austria	1.38	No limitations	None
Belgium	2.3	3-6 months	7.48
Denmark	1.2	No limitations	None
France	2.1	18 months	8.03
Germany	1.6	No limitations	None
Ireland	1.25	No limitations	7.65
Italy	0.63	No limitations	None
Netherlands	2.5	No limitations	7.96
Poland	0.4	12-36 months	1.35
Spain	0.8	No limitations	3.78
Sweden	1.0	No limitations	None
UK	5.0	No limitations	7.36

Source: A. Vanselow, C. Weinkopf (2009), *Zeitarbeit in europäischen Ländern - Lehren für Deutschland?,* Düsseldorf, p. 13.

[10] A. Vanselow, C. Weinkopf (2009), *Zeitarbeit in europäischen Ländern - Lehren für Deutschland?,* Düsseldorf, p. 28.

Agency employment contracts have for years been very popular in the Federal Republic of Germany. First relevant legal solutions were introduced in 1972. At the end of 2011, 900 thousand people were "agency" workers and the demand was much higher. It is estimated that in February 2012, the number of vacancies for agency work amounted to as many as 160 thousand.[11] German analysts agree that the recovery from the crisis would last much longer if it was not possible to acquire "agency" workers. In the difficult period of 2007-2010, over 50% of 3,800 surveyed companies benefited from this type of employment. In 2010, every forth employed person was a temporary worker.[12] From the employer's point of view, the factor which makes this scheme of employment attractive, is its high flexibility. It is particularly attractive to companies in which employment is highly susceptible to the economic situation.

Temporary work is also very popular in the Netherlands. Persons who relatively often profit from its benefits are those whose position in the labour market is not very good. The relatively high share of women is a characteristic feature of the situation. In 2007, they accounted for 43% of all persons employed temporarily. Every third person was under 25 years of age. Another Dutch trait is overrepresentation of people from immigrant communities. In 2003, they accounted for 35% of temporary workers, while their share in the total number of the employed is over twice lower.[13] In processing industries, job seekers get "agency" employment much more often than a "proper" job. The most widely represented professions include: production workers, warehouse workers, cleaners, call centre workers, office workers and canteen staff.

Analyses of working conditions and wages of "agency" workers reveal significant differences between European Union countries. Difference between Anglo-Saxon and continental traditions are striking. In the UK, temporary employees do not have an employment contract but its surrogate in the form of a contract for services. They are, however, entitled to receive similar benefits such as paid holidays, sick pay, statutory minimum wage, and a maximum 48-hour working week. Other regular provisions include protection against unfair dismissal and parental leave. There are considerable differences in the earnings. An average remuneration of "agency" workers is about 20% lower in comparison to "regular" employees. It may seem strange at first sight but in that respect, greatest differences appear in the group of highly qualified persons. What is more, analyses conducted by the British Trade Union Congress have revealed that situations where rates of pay are lower than the guaranteed minimum wage are not uncommon. Moreover, it is hardly possible to accept as satisfactory the situation where the duration of one third of contracts is shorter than three months, and the duration of one fifth is shorter than six weeks.[14]

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[11] *Atmen mit der Konjunktur* (2012), „iw-dienst" No. 18, p. 1.

[12] *Aufschwunghelfer auf Zeit* (2011), „iw-dienst" No. 22, p. 1

[13] A. Yanselow, C. Weinkopf (2009), *op. cit.,* p. 21.

[14] H. Kountouros, *The UK: Responding to the Need for Protection in a System Preoccupied with*

Also in Germany "agency" workers do not enjoy their new jobs for a long time. In 2010, more than half of them (55%) worked for no longer than three months[15], and every tenth of them less than a week[16]. It should be highlighted, however, that persons who are "hired out" usually work full-time. German trade unions very strongly demand remuneration equality but employers' resistance is strong too. Employers argue that as temporarily employed persons usually work short periods, their productivity is considerably lower than that of the skeleton staff. They also deny allegations that they are trying to replace current employees with "hired out" workers who may be paid less, and thus to reduce the production costs and increase profits. This, in fact, is hardly realistic. It suffices to note that temporary agency workers account for a small percentage of all the employed. In 2010, their share amounted to 2.4%, and only every tenth of them worked in a hiring company for more than one year.[17] As it has been already mentioned, "hired" employees are very useful especially due to their high flexibility. That is why many of them find a permanent job. At the beginning of 2011, before they started to work as temporary agency workers, as many as 67% of them were unemployed.[18] According to the research performed, only every third of them remains unemployed after having worked as an "agency" worker. The transition from unemployment to employment is accomplished mainly by persons who managed to work for some time in last two years. On the other hand, the percentage of the formerly unemployed who managed to keep one job for at least two years and resigned from the agency hiring out scheme amounted to only 7%.[19] In spite of problems, it would be a mistake to underestimate the role of this solution in mitigating the situation in the German labour market. It suffices to notice that from October 2009 to October 2010, 38% of the workplace increase was attributed to "agency" employment.[20]

Similar problems can be observed in the Dutch labour market. In the Netherlands, working conditions depend on the time for which the "hired" employee worked. After 18 months of work for one company or three years of work in one industry, a worker is entitled to a permanent employment contract. In 2007, the average time of work for one enterprise amounted to 153 days, i.e. about 5 months. Compared to

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Flexibility, in: K. Ahlberg, B. Bercusson, N. Bruun, H. Kountouros, Ch. Vigneau, L. Zappalá (2008), *Transnational Labour Regulation. A Case Study of Temporary Agency Work*, Brussels, p. 59.

[15] W. Adamy (2011), *Hohes Entlassungsrisiko in der Leiharbeit – auch bei anziehender Koniunktur,* Berlin, p. 2.

[16] *Gute Gründe gegen Equal Pay* (2011), „iw-dienst" No. 17, p. 1; cf. K. Schulze Buschoff, J. Rückert-John, *Vom Normalverhältnis zur Flexibiliesierung,* in: *Arbeit der Zukunft. Neue Wege einer gerechten und emanzipativen Arbeitsmarktpolitik* (2006), Baden-Baden, pp. 308-335 and G. Schilling, *Flexible Arbeitszeitgestaltung in kleinen und mittleren Unternehmen. Umsetzungsergebnisse landes-geförderter Arbeitszeitberatung,* in: *Arbeit der Zukunft...,* pp. 337-345.

[17] *Ungemacht droht von drei Seiten* (2011), „iw-dienst" No. 6, p. 1 and 2.

[18] *Gute Gründe...*, p. 1.

[19] F. Lehmer, K. Ziegler (2011), *Zumindest ein schmaler Steg,* „IAB-Kurzbericht", No. 13, p. 1.

[20] W. Adamy (2011), *op. cit.,* p. 2.

other countries, that period was relatively long. Only 16% of people worked for less than a month, 25% worked for one to three months, and 59% for a longer period.[21]

Like in most European Union countries, remuneration is set at a level close to the minimum wage but there is a clear upward trend in the case of longer employment. In practice, however, employers often take advantage of the possibility to reduce pays. In result, people under 23 years of age receive remuneration amounting to 85% of regular wages. A similar situation can often be observed in the case of people with particularly low qualifications and long unemployed graduates.[22] Research conducted in 2000-2004 demonstrated that average wages of "hired" employees working in administration, health care and education amounted to 66.5% of other people employed in those sectors. In the case of trade companies, transport companies and catering, the ratio was 73%.[23]

REDUCTION OF WORKING TIME

Continuous technological advances and their acceleration at the turn of the century made it possible for Western societies' to sustain their living standards and even to raise them while simultaneously decreasing the workload total. It means that increasingly often the significance attributed to different functions of work changes. It is less a means to earn a living and more a confirmation of usefulness of an individual to the society. What is more, increasingly more women want such a recognition. The progressing abandonment of traditional roles in the family is accompanied by women becoming more active professionally.

The readiness to take a job declared by a growing part of the society is linked to the trend to shorten working time. The latter follows different patterns. In consequence, the career path of a person living in the northern hemisphere in the early 21st century is substantially different from one's professional career one hundred years ago.

The process of shortening the working time, which had began with British workers' struggle in the middle of the 19th century and continued in the following decades, significantly accelerated to the end of the 20th century. Its fast pace has not slowed down.

Actions aimed at shortening the working time can generally be divided into two categories. The first one includes undertakings which fall within the competence of negotiating partners of collective agreements. Most important ones include: shortening of the working week, reducing the shift work indicator and overtime, extend-

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[21] E. Sol, S. Engelsman (2008), *The Netherlands: Temporary Agency Work and Collective Bargaining in the EU*, European Foundation for the Improvement of Living and Working Conditions, Dublin, www.eurofound.europa.eu (accessed 31/07/2012).

[22] A. Vanselow, C. Weinkopf (2009), *op. cit.,* p. 24 and 25.

[23] K. Tijdens, M. Klaveren van, H. Houwing, M. Meer van, M. M. Essen van (2006), *Temporary agency work in the Netherlands*, "AIAS-Working Paper" No. 06/54, Amsterdam, www.uva-aias.net (accessed 31/07/2012).

ing breaks in the working time, extending holiday leave, and popularising part-time work. The second category of actions falls within the competence of the state and includes extension of the period of compulsory education, regulations on holiday leaves, and lowering the retirement age.

In result of various actions, the intensity of which has varied in different countries, the average annual work time is getting shorter (Table 11). It should be noticed that, contrary to a popular opinion, Germany is not the country where the working time is the longest. The first place has long belonged to Americans. The pace of shortening the working time has been recently slower in the US than in most European countries. In consequence, the divergence between America and the old continent is getting bigger. In 2010, the working time of an average American was 35% longer than the one of the Dutch, whose working time was the shortest in Europe. Sixteen years earlier, the difference was 4 percentage points smaller.

Table 11

Actual annual working time in selected countries in 1994-2010 (in hours per worker)

Country	1994	2010	Change in %
Belgium	1510	1446	— 4.2
Canada	1758	1704	— 3.1
Denmark	1524	1520	— 0.3
Finland	1670	1584	— 5.1
France	1563	1469	— 6.0
Germany	1474	1340	— 9.1
Greece	1792	1754	— 2.1
Ireland	1652	1588	— 3.9
Japan	1910	1754	— 8.2
Netherlands	1407	1323	— 6.0
New Zealand	1770	1742	— 1.6
Spain	1665	1623	—2.5
UK	1708	1620	— 5.2
USA	1839	1786	— 2.9

Source: *OECD Employment Outlook 2011*, Paris, 2011, p. 258.

The time productively spent in the workplace is, of course, much shorter than the nominal annual work time. The latter, in turn, is the product of the number of weeks and of a statutory working week minus absences due to holiday leave and public holidays (Table 12).

Table 12

Collectively agreed annual working time in selected countries (2010)

Country	Weekly working time	Gross annual working time	Holiday leave	Public holidays	Statutory absence	Annual working time
	hours		days		hours	
	A	B = A x 52	C	D	E = C + D	B - E
Denmark	37	1 924.0	30	10	296.0	1 628.0
Germany	37.7	1 960.4	30	10	301.6	1 658.8
Sweden	37.2	1 934.4	25	9	253.0	1 681.4
Italy	38.0	1 976.0	28	9	281.2	1 694.8
Netherlands	37.5	1950.0	25	5	225.0	1 725.0
EU 15	37.6	1 955.2	25.9	9.9	268.8	1 686.4
EU 27	38.0	1 976.0	24.8	9.6	261.1	1 714.9

Source: www.wko.at/statistik/eu (accessed 28/07/2012).

Attention should be paid primarily to the pace at which the weekly working time is getting shorter. At the beginning of the 1980s, it was at least 40 hour long in all Western European countries, except for France (Table 13). It is also worth to remember that the weekly work time negotiated within the framework of tariff arrangements is very often shorter than the statutory one in a particular country.

Table 13

Collectively agreed weekly working time of full-time employees in selected countries in 1981 and 2011 (hours per worker)

Country	1981	2011	Decrease percentage
Belgium	40	37.6	6
France	39	35.6	9
Germany	48	37.5	22
Italy	48	38.0	21
Ireland	48	39.0	19
Luxembourg	40	40	0
Netherlands	48	37.5	22

Source: Author's own calculations based on: H. Werner (1983), *Arbeitszeitverkürzung. Eine Internationale Übersicht,* „Wirtschaftsdienst" No. 5; *Eurostat. Beschäftigung und Arbeitslosigkeit*, 1985, p. 251, 1989, p. 225; www.wko.at/statistik/eu (accessed 29/07/2012).

A factor which has a considerable influence on the reduction of annual working time per worker is part-time employment. In Europe, this category includes people working for 15-29 hours a week. In the United States, part-time workers cannot work for more than 15 hours. In Japan, in turn, there is no arbitrarily defined limit.

A part-time job has advantages from the point of view of both the employer and the employee. Employers especially appreciate its flexibility which contributes to increasing the productivity per one man-hour. As far as employees are concerned, the attractiveness of part-time employment comes down to, primarily, the possibility to better reconcile professional and family responsibilities.[24]

In most OECD labour markets, the number of active people concluding part-time employment contracts grows. In 1994, the percentage of persons working part-time was 11.3 on average, and 16 years later it was 5 percentage points higher (Table 14).

Table 14

Working time of part-time employees in selected countries in 1994 and 2010

Country	Part-time employment as a proportion of total employment		Part-time employment as a proportion of total employment (2010)	
	1994	2010	Women	Men
Denmark	17.3	19.5	25.9	13.6
Finland	8.9	12.5	16.0	9.2
France	13.8	13.6	22.3	5.7
Germany	13.5	21.7	37.9	7.9
Italy	10.0	16.3	31.1	6.3
Korea	4.5	10.7	15.5	7.2
Netherlands	28.9	37.1	60.6	17.2
Portugal	9.5	9.3	13.0	6.1
Spain	6.4	12.4	21.7	4.9
Sweden	15.8	14.0	18.8	9.7
Switzerland	23.2	26.3	46.4	9.6
UK	22.1	24.6	39.4	11.6
USA	14.2	13.5	18.4	8.8
OECD (weighted average)	11.3	16.6	26.3	8.9

Source: *OECD Employment Outlook* 2011, Paris, 2011, p. 253.

[24] More in: I. E. Kotowska (2010), *Uwagi o polityce łączenia pracy zawodowej i rodziny w kontekście nowej demografii*, in: *Człowiek w pracy i polityce społecznej*, Poznań, pp. 59-76 and J. Rubey, *Part-time work: a threat to labour standards*, in: *Part-time prospects. An international comparison of part-time work in Europe, North America and Pacific Rim* (1998), London, pp. 137-155.

The percentage is traditionally the highest in the Netherlands. In the Mediterranean countries, part-time employment is least popular. The popularity of part-time employment is determined primarily by changes in the demand for this type of employment. Changes in the demand reflect broadly understood cultural changes taking place mainly in Western European countries. Progressive secularisation and emancipation of women markedly modify the life of many families in this part of the world, in particular in the northern part of the old continent. Partnerships, consensual unions and one-person households are becoming increasingly popular, divorces are more common, the birth rate is decreasing, and traditional gender roles in the family are changing. All these developments result in a growing popularity of a relatively individualised working time. In the southern part of Europe, the above listed processes are advancing a bit slower as if delayed. Due to the more significant role of the Church and traditional family ties, women in the South of Europe are less interested in a professional career. Taking into consideration the fact that women are generally overrepresented among persons working part-time, it is not surprising that the percentage of people having part-time jobs in Portugal, Greece and Spain is 3 or 4 times lower than in the Netherlands. Attention should also be paid to two important factors which influence the demand for this type of work in Mediterranean countries. One of them contributes to an increasing importance of part-time employment, and the other one limits its growth. Research conducted in Spain and Portugal has demonstrated that most people employed part-time, take such jobs because they have failed to find a ”proper” job. The factor which considerably decreases the interest of women in part-time work is a poor child care system which is significantly less developed in the southern part of Europe than in its northern part. It is interesting that this factor also considerably limits professional activities of women in Japan.

A more detailed analysis of the situation in labour markets of European Union countries reveals that a large group of women working part-time declare their readiness to extend their working time which means that they will earn more. It can be assumed that this trend is strongest in countries where working time is relatively short. Differences are, in fact, not small (Table 15). A more detailed analysis of the situation in Germany shows that women working part-time would actually like to work longer: 3 hours more in the Western part of the country and 2.9 hours more in the Eastern part.[25]

[25] E. Holst, H. Seifert (2012), *Arbeitszeitpolitische Kontroversen im Spiegel der Arbeitszeitwünsche*, „WSI Miteilungen” No. 2, p. 146, cf. also: S. Wanger, (2011) *Ungenutzte Potenziale in der Teilzeit. Viele Frauen würden gerne länger arbeiten,* „IAB-Kurzbericht” No. 9.

Table 15

Average weekly working time of women employed part-time in selected countries of the "old" European Union (hours)

Country	Working time	Country	Working time
Sweden	25.0	Greece	19.9
Belgium	23.7	Netherlands	19.9
France	23.3	Spain	19.1
Italy	21.5	Portugal	19.0
Austria	20.9	UK	19.0
Denmark	20.9	Ireland	18.6
Luxembourg	20.2	Germany	18.5
Finland	20.0		

Source: *Perspektive 2025. Fachkräfte für Deutschland*, Nürnberg 2011, p. 31.

It needs to be underlined that indeed mostly women are interested in part-time jobs, especially those who have never worked full-time, but the percentage of people who have "proper" jobs and who would like to reduce their working time is also considerable. Both international conventions and national laws make it increasingly difficult for employers to refuse to consent to employees' requests to work less hours. OECD research indicates that the will to change a full-time job to a part-time job can be easily justified by the necessity to take parental responsibilities. Other common reasons include: a wish to take care of a senior family member, illness or a limited physical disability, a wish to continue education or to take a professional training, and elderly age.[26]

To conclude, since the beginning of the early 21st century, labour markets of highly developed countries have had to face serious problems. In most countries, long-term unemployment persists. Its level is considerable also in countries where, until now, it was not a highly significant social issue. Developments in labour markets of OECD countries point out deficiencies in their functioning. In order to guarantee that a state and its government fulfil their social obligations, as expected by a majority of citizens, it is necessary to increase the financial burden on employment. That, in turn, may lead to a decrease in the readiness of employers to sign new employment contracts and, thus, to an increase in the unemployment rate.

The second characteristic feature of labour markets of highly developed countries is the advancing process of making employment more flexible. An increasingly smaller percentage of employees have traditional employment contracts. Thanks to a fast popularisation of modern methods of information transfer, the broadly under-

[26] *How Good is Part-Time Work* (2010), OECD Employment Outlook 2010, Paris, p. 218.

stood teleworking gains in importance. The process is accompanied by a reduction of working time. A person employed in any highly developed country works dozens of hours less annually than thirty years ago. It is a consequence of the reduction of weekly working time, an increase in the popularity of part-time employment and a decrease in the shift working ratio.

ABSTRACT

The subject studied are major tendencies observed in job markets of highly developed countries. Apart from a few exceptions, most of them have a high unemployment rate. The growing costs accompanying employment are an obstacle to raising the level of employment. In many countries those costs are already almost equivalent to wages. On the other hand, the progressing process of diffusion of new information transmission technologies has led to a noticeable shift from work contracts to various atypical forms of employment.

A high level of efficiency achieved by OECD countries makes it possible to ensure an appropriate standard of living with a decreasing level of employment. Thus, at the beginning of the 21st century a shortening of work time has become a rule. This is done by various methods, the most popular one being part-time employment. It must be remembered, however, that limitation of work time is not always seen as justified by the person to whom it pertains.