

Counterproductive side effects may, however, exert a negative employment effect: These result mainly from the deterioration of international competitiveness of businesses and the ensuing – depending on the individual economic fields – shift of the costs onto prices. A further general prerequisite for a positive employment effect is a relative homogeneity of the labour market segment; in case of a segregated labour market (e.g. scarcity of skilled labour), no positive employment effect can be expected due to a lack of labour supply.

The problem of a reduction of working time is consequently best left in the competency of the collective bargaining partners and no general proceeding is to be taken for the time being. This does not, however, preclude a reduction of working hours on branch and company level. Thus in certain cases shorter working hours on company level in combination with flexible working hours may help to prevent a reduction of personnel („VW model“) or even create additional employment.

The reduction of regular overtime would constitute another aspect in the reduction of working hours. If overtime is not used to cover occasional extra workload but is performed on a permanent basis, from an employment perspective this overtime should be reduced and replaced by new hirings, provided this is a viable commercial proposition.

New variants of the distribution of labour are discussed in the next chapter.

2.2.4. Models of Distributing Labour to Create More Employment

The Advisory Council mainly concentrated on two concrete models of a „redistribution“ of labour: Job rotation – temporary replacement of an employee on leave by an unemployed person – and part-time work.

Models aiming at a reduction of working hours in favour of increased leisure time for the individual may positively affect motivation, sick leave, productivity and finally the length of working life. Possible counterproductive effects such as an increase of illicit work in the acquired leisure time would have to be investigated and appropriate countermeasures would have to be taken if necessary. Possible savings in the unemployment insurance could be used, through a re-allocation of the resources, for active measures like further training, promotion of employment or possibly also contribution reductions.

The Advisory Council recommends to intensify and test the following possibilities in limited model studies and pilot projects and to study their effects in consultation with the social partners.

2.2.4.1. Job Rotation Models – Educational Leave

Sabbaticals and other forms of job rotation become increasingly important instruments of labour market policy throughout Europe and can be used in the placement of labour to secure a well functioning labour market. In this connection, the needs of employees, the unemployed and employers must be equally taken into account.

A possible model of job rotation is a maximum 1 year leave for recognized educational purposes except university studies during which a long-term unemployed person is hired as replacement (Danish model). Pilot projects are being implemented in Austria, too: Austria participates in the project „EU Job Rotation“ within the community initiative „ADAPT“.

The transitional voluntary leave of an employee (sabbatical) and the simultaneous hiring of an unemployed person can also be interesting in respect to the employment effect. The model of a publicly financed year of leisure that is not bound to personal or educational motives cannot be recommended; it was also stopped in Denmark.

Another model is being discussed for the public service sector: Civil servants are to have the possibility of working for four years for 80 percent of their salary and then take the fifth year off in which they also receive 80 percent of the salary. This idea, too, still needs thorough evaluation. The creation of a legal basis for similar models could be discussed in private sector as well.

The Advisory Council recommends to start pilot projects by the collective bargaining partners in consultation with the Arbeitsmarktservice (AMS – Labour Market Service) and to analyze the projects in detail after a given period as to employment increase or possible problems.

2.2.4.2. Part-time Work

Personnel placement oriented towards customer frequency, increased productivity of part-time employees, easier handling of temporary replacement problems and possible cost reductions by avoiding organizational slack make part-time work for enterprises in certain sectors (e.g. trade) attractive and may result in a reduction of full-time employment and an increase of part-time employment (transforming jobs or creating new jobs). The effects on the unemployment rate depend on whether this demand is met from the pool of the officially unemployed or from the number of those who have so far not been part of the labour market. Definite statements as to the effect of (increased) part-time work on the unemployment rate can therefore not be made, but positive effects on the participation rate are to be noticed.

To increase the possibilities of employment in the part-time sector, part-time work must become more attractive. Elements of an attractive part-time employment are in particular

- voluntary part-time employment
- possibilities for part time employment for men and women also in medium and higher qualified positions
- possibilities for career development and individual career planning
- possibility to change from full-time employment to part-time and vice versa

- and the possibility for individual arrangements through a broad spectrum of variants to choose from (from daily reductions to weekly, monthly up to annual units of leisure time)

To increase the employment level the Advisory Council therefore recommends to intensify the access to part-time employment under the preconditions mentioned above. The social partners on company level are therefore called upon to create and work out possibilities for part-time employment attractive for both employer and employee.

Models linking part-time work with partial benefits out of the social security system (e.g. flexible retirement, part time parental leave) should also be discussed with regard to their employment effects. The possibility of flexible retirement, available in Austria but only rarely claimed, is to be reconsidered in view of the low factual retirement age.

2.2.5. *Working Time and Employment in Industry and Trade*

The wish for more attractive working time schemes for employer and employee together with the necessity of strengthening the competitiveness hitherto often resulted in – partially not legally founded – agreements on working time regulations between management and works council.

The Advisory Council therefore welcomes the legal possibilities of flexible working time agreed between the social partners and recommends the rapid implementation of regulations on collective bargaining level taking into account the flexibilization needs of both sides and guaranteeing a fair accommodation of conflicting interests.

2.2.6. *Employment Effects through Liberalization of Shop Hours*

The liberalization of shop hours that went hand in hand with a legal protection of quality of leisure time of the employees, should enable an increase in the employment level in trade, particularly through part-time jobs.

The number of persons employed in trade increased in the first three months of 1997 by 6,575 persons (+ 2.9%) compared to the same period of last year, thus stopping the negative trend (the comparison January 1995 – January 1996 still showed a reduction of 0.56%). Particularly the bigger retailing chains in preferred shopping areas and shopping centers led here. However, over $\frac{2}{3}$ (4,447) of this increase are so-called „geringfügig Beschäftigte“ (marginally employed: employees working no more than 8 hours per week and earning no more than a certain amount per month, thus being excluded from social security), the rest of 2,128 are both full-time and part-time employees. An evaluation of the net employment effect will therefore also have to take into account possible undesired effects through this liberalization such as involuntary regression into part-time jobs below subsistence level, division of full-time jobs into marginally employed and undermining of the financial base of the social insurance through marginal employments.