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**JOINT STUDY OF THE EUROPEAN SOCIAL PARTNERS  
“THE IMPLEMENTATION OF FLEXICURITY AND THE ROLE OF THE  
SOCIAL PARTNERS”**

**NATIONAL FICHE**

**BELGIUM**

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## Preface

This national fiche is part of the EU Social Partners’ Study “The implementation of flexicurity and the role of social partners” carried out in the context of the EU Social Dialogue Work Programme 2009-2011, which includes “*Jointly monitoring the implementation of the common principles of Flexicurity, notably in order to evaluate the role and involvement of the social partners in the process and to draw joint lessons*”.

To implement this task in the best possible way and to involve national member organisations actively in the gathering of data and information, the study applies a methodology that consists of multiple levels of analysis using a variety of instruments to be implemented with the help of a team of experts:<sup>1</sup>

- The expert team, with the advice of European Social Partners, agreed on a *set of selected statistical indicators* in the field of employment and economic and social development with labour market relevance.
- National social partners were asked to participate in a *questionnaire-based survey* focussing on the relevance of the flexicurity concept within national labour markets, the role of the social partners in policy implementation and their views of the flexicurity concept. To complement the research, the expert team visited a number of countries and carried out interviews with national social partners.<sup>2</sup>
- Based on the two sources above and a review of available written materials and information, the expert team prepared *29 national “fiches”* on the implementation of the flexicurity principles and the role of social partners in the respective national contexts.
- Results of the questionnaire survey and main findings of the national analyses were discussed at four “*country cluster seminars*” that were organised by the European Social Partners with the help of national sections in Warsaw (November 2010), Lisbon (December 2010), Paris (31<sup>st</sup> January-1<sup>st</sup> February 2011) and The Hague (8<sup>th</sup> February 2011).
- In the light of the overall study results and the comments received by national social partners in the contexts mentioned above, the expert team has prepared a *comparative synthesis report* on “*Social Partners and Flexicurity in Contemporary Labour Markets*” that was presented and discussed at a *EU-level synthesis seminar* on 31<sup>st</sup> March and 1<sup>st</sup> April 2011 in Brussels.

This national fiche aims to present a broad overview on the economic and social context and the state of play with regard to flexibility and security in the labour market and current social security arrangements (sections one and two). Secondly, the report describes the role of the social partners and social dialogue in the implementation of policies and practices that can be considered under the broad umbrella of “flexicurity” (section three), also summarising inputs provided by national social partners to the questionnaire, from interviews carried out and other contributions made in the context of the study. Section three also presents brief descriptions of cases of good practice as has been indicated by the national social partners.

The text was originally prepared as draft report in the autumn of 2010 in order to facilitate the discussion at the cluster seminar on 22<sup>nd</sup> and 23<sup>rd</sup> November 2010 in Warsaw. The original dossier has been reviewed and revised to take into account the comments and discussions that took place during the seminar or received afterwards.

However, it should be stressed that this report is presented as an “independent expert report”. It represents the views of the individuals involved in its preparation and does not purport to represent the views, either individually or collectively, of the social partners’ representatives that contributed to it, or those of the European level social partner organisations that were responsible for its commissioning.

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<sup>1</sup> Expert team: Eckhard Voss (co-ordinator), Alan Wild, Anna Kwiatkiewicz and Antonio Dornelas.

<sup>2</sup> The following countries were visited in the context of the project between May and July 2010: Denmark, France, Ireland, Italy, Czech Republic, Poland, Germany, Portugal and the Netherlands.

# 1 The economic and social context

## Economic crisis and recovery

Belgium is modern economy, centrally located in Europe. It has highly developed transport network and a diversified industrial and commercial base. Its GDP contribution is the following: services (approx. 77%), industry (approx. 22%) and agriculture (approx. 0.6%). The economy is unevenly distributed geographically with a high concentration of industry in the northern, Flemish part. Belgian industry is highly depended on imports of raw materials and exports a large volume of its manufacturing production, which renders the country vulnerable to external economic shocks. Consequently, Belgium was hit hard by the crisis in both the trade and financial sectors. As a result, the economy contracted by over 3% in 2009 and the banking sector has been significantly and adversely affected. The government introduced a stimulus package, which increased public spending. Belgian public debt has grown to almost 100% and is forecasted to increase further in 2011. Nonetheless, the Belgian economy performed relatively better than its neighbours in 2009 due to a smaller contraction of domestic demand, inventory holding and investment.

According to the European Commission there are sound prospects for a gradual recovery. The main driver of growth will be the anticipated improved international environment and recovery of exports. However, the overall assessment of future Belgian exporting capacity is questioned. Recent years have shown a structural loss of market share in Belgian exports for both goods and services. This is caused by the economy’s primary orientation towards the euro zone countries as trading partners and sectoral specialization of the export in medium-technology goods like chemical products and steel.

GDP growth is set to resume in 2010, and to continue to grow slowly in 2011. Domestic demand is likely to remain subdued in the first half of 2010, while the labour market is predicted to react to the crisis with a certain lag, meaning that the unemployment rate remains set to increase in 2010 and 2011, albeit at a slower pace.

In the longer term, Belgium must address the question of its rapidly aging population and the associated increase in social expenditure, which will intensify the pressure on public finances. This may result in the adoption of further cost control measures in order to restore the fiscal budget.

### BELGIUM - MAIN ECONOMIC INDICATORS AND OUTLOOK

	2007	2008	2009	2010	2011
GDP – annual percentage change	2.9	1.0	-2.8	2.0	1.8
Employment - annual percentage change	1.6	1.7	-0.4	0.4	0.3
Unemployment rate (Eurostat definition)	7.5	7.0	7.9	8.6	8.8
General government balance (as percentage of GDP)	-0.3	-1.3	-6.0	-4.8	-4.6
General government gross debt (as percentage of GDP)	84.2	89.8	96.2	98.6	100.5

Source: European Commission: Autumn 2010 Economic Forecast.

Belgium has adopted financial sector support measures to stabilize the banking sector together with a package of broader stimulus measures including wage subsidies, delay of tax payments for companies,

increase in social benefits, a reduction of VAT to stimulate residential construction and increased public investment. Trade unions perceive these measures as a positive approach. As a part of the recovery package, special measures were addressed to SMEs. Like in other European countries, measures aimed at protecting employment were introduced to ensure that enterprises maintain their labour force and are ready to go back to regular operations once the economic crisis is over.

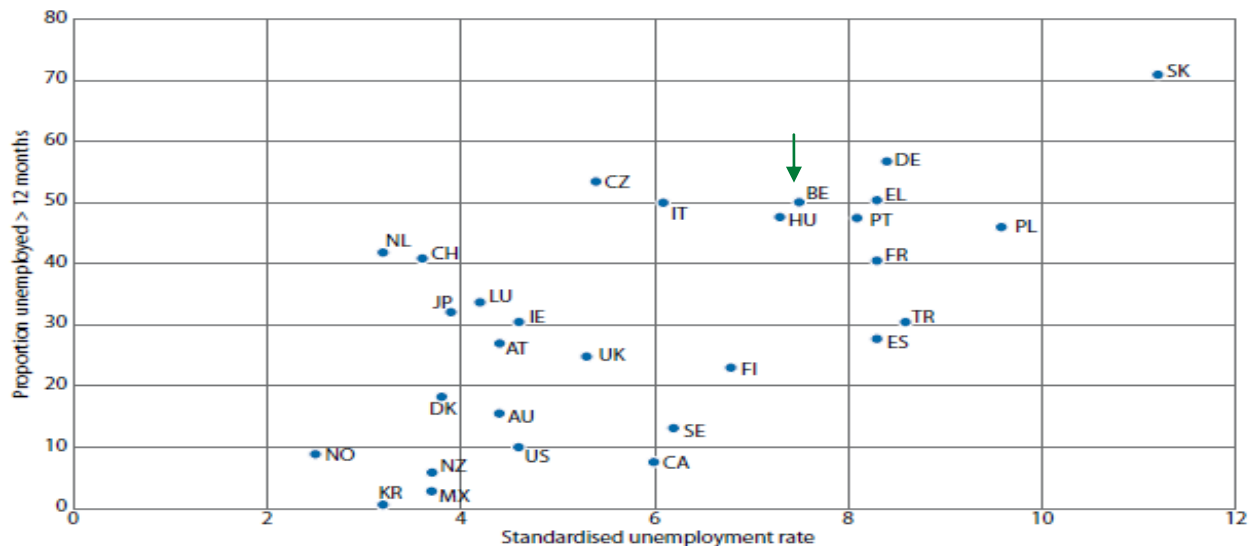
### Labour market indicators and trends

In 2008 Belgium had an employment rate lower than the EU27 average (62.4% for Belgium compared with 65.9% for the EU27). Before the crisis the employment rate on the Belgian labour market had increased, albeit at a slow pace (0.6% between 2004 and 2005 and 0.8% between 2007 and 2008). In 2008 the employment rate for older workers was significantly lower (34.5%) than the EU average (45.6%) and short of the Lisbon target of 50%. The same trend can be observed for women’s employment rate. The majority of the Belgian workers are employed in services (over 78%), followed by industry (almost 20%) and agriculture (almost 2%). The use of self-employment in Belgium in 2008 was around the EU27 average.

In 2009, the impact of the economic downturn on employment was relatively moderate as the majority of employers made use of the temporary measures introduced by government to limit dismissals. The impact of this approach has led to “labour hoarding” by employers and this is likely to result in negative employment growth in 2010. This may result in temporary unemployment turning into long-term unemployment. Prior to the crisis the long-term unemployment rate for Belgium was higher than the EU27 average (3.3% for Belgium compared with 2.65% for the EU27).

According to Eurostat, the greatest regional disparities in unemployment rates exist in Italy and in Belgium. In Belgium, the lowest unemployment rates in 2008 were in Vlaams-Brabant and West-Vlaanderen (approx. 4%), and the highest was in Région de Bruxelles-Capitale/Brussel Hoofdstedelijk Gewest (approx. 17.5%). Unemployment in Wallonia has a mainly structural character with the southern region continuing to focus on economic transformation from traditional industries like coal and steel. Unemployment in Flanders is of a cyclical character in its more knowledge-based and technologically advanced production enterprises.

#### INCIDENCE OF LONG-TERM UNEMPLOYMENT AND THE UNEMPLOYMENT RATE, 2007



Source: *Employment in Europe Report*, p. 73, based on OECD figures.

Belgium is characterised by relatively high wage costs. Since 2005, the increase of the unit labour cost has exceeded that in the euro zone generally. This has had a progressively important impact on the competitiveness of the Belgian economy.

According to the European Commission 2010 Spring Economic Forecast, further reforms are necessary to improve Belgium’s labour market performance, particularly in relation to older workers and disadvantaged groups. Increasing older workers’ participation is especially important in the perspective of workforce shortages and tight public finances<sup>3</sup>. In its assessment, the Commission suggests reducing tax burdens on low-wage workers, the revision of unemployment benefits to stimulate return to the labour market, an increase of participation rates, especially for older and migrant workers, and increased access to and participation in lifelong learning across regions.

**BELGIUM - MAIN LABOUR MARKET INDICATORS 2008 IN COMPARISON TO EU27**

	Belgium	EU27
Employment rate – % population aged 15 – 64	61.6	64.6
Employment rate older people – % population aged 55-64	35.3	46.0
Self employed - % total population	16.2	15.5
Employment in services - % total employment	78.9	70.4
Employment in industry - % total employment	19.3	24.1
Employment in agriculture - % total employment	1.8	5.6
Unemployment rate - % labour force 15+	7.9	8.9
Youth unemployment rate - % labour force 15-24	21.9	19.6
Long term unemployment rate - % labour force	3.5	3.0
Inequalities of income distribution (2008)	4.1	5.0

Source: Eurostat, *Employment in Europe Report 2010*.

### Flexicurity in the labour market and labour market policy

In 2007 in Belgium the proportion of people with below upper secondary, secondary and post-secondary non-tertiary and tertiary education was broadly similar: 32%, 26% and 32%, respectively.

The European Company Survey 2009 conducted in all EU countries shows that in Belgium the use of flexible working time arrangements has increased significantly in recent years. In 2005 some 40% of enterprises used flexible working arrangements. Belgium is also among the countries which offer time off, rather than premium pay, to compensate for overtime. Almost 40% of compensation is in time off and just 10% in payment. At the same time a relatively high proportion of enterprises did not compensate for overtime at all (8%)<sup>4</sup>.

The use of part-time work is widespread in Belgium. More than three quarters of enterprises use part-time contracts and around 30% of part-time work arrangements are based on worker preferences for flexible working hours (more on this in part on “External/internal flexibility and contractual arrangements”). Belgium is one of the EU countries with the highest use of temporary agency work. Temporary agency workers account for almost 3% of the Belgian workforce and double the average of 1.5% for the EU27 and the two candidate countries (Turkey and Croatia). Temporary agency work was hit hard by the crisis contracting by 30% between 2008 and 2009. Belgium also has a relatively high

<sup>3</sup> The Belgian trade unions point out that there are not any special provisions for management of older workers; moreover, in case of restructuring older workers are often the group the most threatened with collective dismissals.

<sup>4</sup> European Foundation for Living and Working Conditions, *European Company Survey 2009*, Dublin 2010, p. 13.

incidence of the use of temporary work arrangements such as fixed-term work and freelance workers when compared with the EU average.

In CVTS3 Belgium scored well above the EU27 average in employee participation in continuing vocational training initiatives. According to the European Working Conditions Observatory 2005 Survey Results, 40.5% of employees underwent training paid by their employer (in the case of employees) or financed individually (in case of self-employment). At the same time participation in lifelong learning initiatives in 2008 was slightly below the EU27 average (8.6% for Belgium compared with 9.6% for the EU27).

Belgium falls into the category of a moderately protected labour market, with the overall protection level slightly above the EU27 average. In 2008 protection for workers with “regular” employment contracts was below the EU27 average, whilst temporary employment protection was 1.2 percentage points above the EU27 average. The level of job satisfaction is very high in Belgium with almost 90% of workers satisfied with their job in the year 2000<sup>5</sup>.

#### BELGIUM - FLEXICURITY INDICATORS IN COMPARISON

	Belgium	EU27
<b>Total population having completed at least upper secondary education (population aged 25-64, %), 2009</b>	70.6	72.0
<b>Part-time employment - % total employment, 2009</b>	23.4	18.8
<b>Fixed-term contracts - % total employees, 2009</b>	8.2	13.5
<b>Access to flexitime, % total employees aged 15-64, 2004</b>	31.7	31.3
<b>Percentage of employees (all enterprises) participating in CVT courses , 2005</b>	40	33
<b>Lifelong learning participation – percentage of the population aged 25-64 participating in education and training over the four weeks prior to the survey, 2009</b>	6.8	9.3
<b>Job satisfaction – percentage of workers that are either very satisfied or satisfied with working conditions in their main paid job (EWCS 2010)</b>	90.0	84.3
<b>Strictness of employment protection – regular employment, 2008</b>	1.73	2.11*
<b>Strictness of employment protection – temporary employment, 2008</b>	2.67	2.08*
<b>Strictness of employment protection – collective dismissals, 2008</b>	4.13	2.96*
<b>Public expenditure on <i>passive</i> labour market policies (categories 8-9) - % of GDP, 2008</b>	2.04	0.96
<b>Public expenditure on <i>active</i> labour market policies (categories 2-7) - % of GDP, 2008</b>	1.08	0.46
<b>Persons at-risk-of-poverty after social transfers - % of total population, %, 2009</b>	14.6	16.3

Source: Eurostat; Employment in Europe Report 2010; Eurofound (European Working Conditions Survey 2010); OECD. \*OECD average

In Belgium the standardized unemployment rate is 7.5% and the proportion of those unemployed longer than 12 months is 50% compared with an estimated European average of 45%<sup>6</sup> (compared with 10% in the USA).

## Conclusion

According to the NRP Annual Progress assessment of the European Commission the main challenges Belgium faces currently are to increase labour market participation and combat unemployment,

<sup>5</sup> European Foundation for Living and Working Conditions, *Measuring Job Satisfaction in Surveys – Comparative Analytical Report*, Dublin 2007, p. 5.

<sup>6</sup> Employment in Europe 2009

especially long-term unemployment. Increasing labour market participation is particularly important in the context of an ageing population and skills shortages. In order to improve the transition rate from inactivity to employment it will be necessary to equip workers with skills needed on the labour market. Revision of the unemployment benefit system may also be necessary to better accommodate the demands of the present economic situation. It is suggested that the current system will place a substantial burden on public finances going forward. This opinion is not shared by the Belgian trade unions. Additionally, they point out that there is an urgent need for implementing a coherent system for managing older workers and ensuring good quality and sustainable employment options for them.

## 2 Flexibility and security in recent labour market and social policy reforms

### Introduction and overview

Recent reforms undertaken in Belgium have been aimed at increasing employment rates and maintaining these people in employment, who were otherwise at risk of losing their job. The NRP 2005-2008 introduced the concept of “employment security” that was to replace the more narrow paradigm of “job security”. The objective of “Employment security” is to facilitate transitions between jobs. The Belgian approach to flexicurity is based on the assumption that employment policy has to be developed in tandem with social security policy. Consequently, the Belgian approach to flexicurity is often described as “*promoting industrial relations that combine flexibility, quality and security*” or a “*balanced approach to an inclusive labour market with more and better jobs*”. Both permanent and flexible temporary employment is seen as important for keeping people active<sup>7</sup>.

According to the Progress Report 2009:

*‘the essence of the Belgian flexicurity approach (...) lies in a policy aimed at rising and extending the level of qualifications for the whole population, since good qualifications will enable future economic recovery to be reflected as soon and as widely as possible in both job growth and optimum take-up of employment opportunities in the long run’<sup>8</sup>.*

The Belgian trade unions stress that flexicurity is a multidisciplinary concept, which implies engagement of the governments and Parliaments, i.e. by law making initiatives in the field of education, professional training or housing policy. All these are important factors that can support (or hinder) flexicurity. Moreover, the Belgian trade unions disagree with the definition of flexicurity proposed by the Commission as based on the four pillars. According to them, such a definition is biased and does not address important challenges such as the growing incidence of precarious jobs or labour market exclusion, especially of those who are especially difficult to activate. Moreover, it neglects to take into account political and budgetary choices of Member States as well as the condition of social dialogue in the respective countries.

As the basis for flexicurity discussion, the Belgian trade unions propose to start from the Conclusions of the European Council of 5-6 December 2007, i.e. the Common Principles of Flexicurity that take into consideration also the security of contractual arrangements, the issue of effective job-to-job transitions,

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<sup>7</sup> See for example “Plan for Employment in Brussels” included in the “Contract for the Economy and Employment” signed in March 2005.

<sup>8</sup> National Reform Program 2008-2010, Progress Report 2009 p. 96.



the quality of employment and and the active role of the social partners<sup>9</sup>. Furthermore, the Common Principles are also addressing the need of effective employment transitions and to avoid labour market segmentation. For the Belgium trade unions workers are only benefitting from flexicurity when it ensures better quality employment, upward mobility and employee development<sup>10</sup>.

## Lifelong learning and the mobility of workers

In the Belgian approach to flexicurity significant attention is attached to lifelong learning, professional training and retraining as “the essence of the Belgian approach to flexicurity”.

Training programmes are organised inside and outside enterprise. In order to ensure better matching between training and the labour market, the intention is that all job seekers are provided with professional experience. Internships and apprenticeships are developed in cooperation with employers or networks of employers. In organizing training, the involvement of regional authorities and the social partners is important. In some sectors the social partners finance training: employer contributions shall amount to 1.9% of the payroll<sup>11</sup> and 0.1% is earmarked for those at risk of job loss. The social partners are also involved in managing “centres of competence”, “training centres” or “reference centres” and in designing annual training programmes for individual companies with a goal of training at least one employee in two. Mechanisms to penalise sectors that fail to meet their obligations have been established and are used. Trade unions point out that this proves the ineffectiveness of the existing system. A language component is included in training programmes to facilitate mobility - there are three languages in common use in Belgium (French in the Walloon region, Flemish in Flanders, and there is a substantial German speaking-community). Given the regional differentials in incidence of unemployment described above, the knowledge of languages is an important factor for interregional mobility and employment.

In Belgium it is possible to profit from “training leave”, with employees entitled to regular salary (up to a certain level, with support of public finances) for hours of training undertaken (training hours total up to between 80 and 120 hours per year). Trade unions point out that the “training leave” provision shall be extended to part-time workers and temporary agency workers.

There are also “training vouchers” that cover certain training expenses. In 2007 in Flanders 175,000 employees (12% of total workforce) profited from the training vouchers programme and its budget amounted to 13,5m EUR. Funding preference was given to training linked to acquiring qualifications, training qualifying for specific functions and training addressed to groups threatened with unemployment. In Wallonia training vouchers are also available with one of the training programme components being language training. The voucher budget amounts to 9m EUR. In the German-speaking part of Belgium a budget of 159,000 EUR was foreseen to finance each training programme initiated by employer or employee. In Brussels a 5m EUR budget has been allocated for training programmes, including modules on ICT and on long-duration worker transition programmes. In Brussels it is also possible to profit from “language training vouchers”.

In order to better orient training, competence profiles for different professions have been developed in cooperation with the social partners. Competence profiles enable the design of module-based training and were developed within the framework of the European Qualifications Framework. Designing

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<sup>9</sup> Presentation of the Belgian trade unions prepared for the cluster seminar held in Warsaw on 22-23 November 2011; Council of the European Union, *Presidency Conclusions*, Brussels, 14 February 2008, p. 14.

<sup>10</sup> Trade unions indicate that the Belgian Presidency courageously related to “flexicurity for the benefit of workers” in October 2010.

<sup>11</sup> 1.9% of the payroll is not a mandatory contribution, but an objective.

“competence profiles” is an important step in validating competences and prior experience gained in non-formal settings. The “competence profiles” also aim to increase participation rates by bringing people out of the black market. These profiles also contribute to increasing the use of competence-based recruitment processes.

To address regional unemployment differentials the exchange of job offers between the regions became operational at the end of 2009. While competence profiles and language training equip workers with the appropriate skills, the public transport network has also been modernized to support interregional mobility. An example is in the Wallonia region where job seekers are entitled to free inter-regional public transport.

There are special measures to guarantee career counselling, individual coaching and training for those who are inactive and above the age of 50. Specific training programmes, including strategic counselling, technology exploration and counselling on international business have been provided for SMEs.

### External/internal flexicurity and contractual arrangements

During the crisis it has become clear that making use of flexible internal adjustments (reduced working time schemes, suspension of production etc.) offered a significantly better alternative to dismissing workers and Belgium was one of the EU countries that used these measures the most often. Indeed, these alternatives had been available in Belgium long before the crisis. In 2007 around 18,000 employees profited monthly from the scheme.

Belgium is known for a significant share of temporary work as well as part-time and fixed-term contracts. Trade unions point out that it results in labour market segmentation as, i.e. part-timers have limited possibility of career development and professional training as well as weak chances for transition to full-time employment. Internal flexibility is mainly linked to working time calculation period. Flexibility in annual calculation of working time shall be negotiated individually in each case (within a framework of social concertation), i.e. it concerns implementing the so-called “plus-minus conto”. “Plus-minus conto” implies that there is a possibility of working an average of 38 hours a week in the maximum calculation period of 6 years. There is also the law 87 that regulates new rules for working time calculation. External flexicurity is supported by the system of support for dismissed workers via employment units (more in “Active labour market policy”) and a system of social contribution reductions for a new employer. Another important tool for external flexicurity is also a “time-credit” system that facilitates breaks in professional careers. This system was set up in 1968 and revised in 2001. It stipulates that individuals may take a year off during their career, provided all breaks are at least three months long. According to trade unions, the “time credit” system is biased and results in the “Matthew effect”: privileged workers - employed on the basis of full-time contracts, better educated and with better professional experience - are better off than the ones on “time-credit” system. This observation concerns support and career opportunities, salary increase or access to training. A specific type of contractual arrangement is work performed in the system of *titres services* that encourage the “formalization” of jobs that would otherwise be performed on the black market, i.e. cleaning.

### Active labour market policy

In 2004 the system for accompanying job seekers was changed to facilitate more frequent controls and personalised assistance for the unemployed as well as the monitoring of job search effectiveness. It is believed that longer spells of unemployment make returns to labour market increasingly difficult. The interregional cooperation between Public Employment Services (PES) has been strengthened and

evaluations for 2007 and 2008 proved the system was effective and that coordination exists between regional and federal level.

New initiatives have been established to ensure effective job placements. In Flanders a network of career assistance centres has been set up. They offer long-term job search assistance and job brokering services. In Brussels a partnership network of 110 enterprises has been created (RBC) to facilitate access to internships in enterprises. The goal of the partnership is to ensure closer links between the employment services and the labour market. A job matching platform has been created in the Walloon region.

To increase the effectiveness of employment services, the provision of employment services using alternatives outside the PES on the basis of a “tendering” procedure has been introduced.

Substantial attention is paid to young, older and dismissed workers. In the case of young workers their transition from education to work is facilitated through an internship system. For older workers a reduced social security contribution is designed to keep them in or to attract them to employment and companies employing workers over the age of 60 are entitled to special grants. For workers dismissed due to restructuring, “employment units” must be established in the company (see details in Example One at the end of the fiche) – and any temporary and fixed-term workers can also profit from the measure. Some Belgian social partners have suggested that outplacement services provided within the framework of employment units are not always cost effective and do not always lead to stable employment. Special assistance is also offered to temporarily laid-off workers.

Finally, and to ensure maximum effectiveness and sustainability, business start-ups can be tested in a safe environment (*structure protégée*).

### Supportive social security systems

In Belgium social security provisions take into account different employment contracts and “diversified professional careers”. Continuity of social security provisions is ensured during employment, spells of unemployment, training leave or professional breaks (for those who profit from “time-credits” system).

Unemployment benefit in Belgium depends on the unemployment spell duration, the average daily pay and family situation. Benefits correspond to a maximum of 60% of previous earnings and there are limits for per diem allowances. As of 1 January 2009 the unemployment benefit became regressive with its level being reduced after the first three months in order to encourage a more rapid return to work. To note: unemployment benefit paid during the first three months has increased, while the basis for calculating unemployment benefit has decreased, therefore replacement rate has been reduced.

According to trade unions there are three different types of part-time workers, which imply specific unemployment benefit entitlements. These are: part-time workers enjoying similar rights to full-time workers, part-time workers who have the rights corresponding to this specific type of contract and voluntary part-time workers. The two first types of part-time workers are entitled to unemployment benefit corresponding to the full-time workers entitlement. Voluntary part-time workers follow specific rules and are entitled to benefits linked to partial unemployment.

There is a special “seniority supplement” or “return-to-work supplement” foreseen for those aged over 50. The conditions of entitlement to unemployment benefit are: a minimum number of days has to be worked (312 and 624 days) during a fixed period of time (18 to 36 months); dismissal must have been involuntary and no compensation paid; the dismissed worker has to register with PES and actively search for a job.

Workers, whose contracts of employment are temporarily suspended, can obtain a temporary *per diem* allowance for each full day of suspension. A wide set of measures to protect independent workers is in place, i.e. bankruptcy insurance. Trade unions stress that these schemes are not sufficient and do not provide for sustainable solutions. Also, according to them, there are not any specific solutions for temporary workers. However, they are the subject of reduced social security contribution to which all low salary workers are entitled.

Rebates on social security contributions have been introduced during the crisis (i.e. they may concern workers with low salaries, the young or long-term unemployed), but critics point out that their negative effects can outnumber advantages of the system. Additionally, the trade union representatives stress that social security shall not be perceived as means to make temporary work more attractive, but it is social solidarity measure, instrument for income redistribution and specific kind of “social insurance”. This observation is especially relevant for the sectors in which full-time work is impossible in Belgium.

### High quality and productive workplaces

Belgium is a high productivity country and one of very few European countries known for high productivity in SMEs. There are regional disparities in productivity<sup>12</sup>. According to Eurostat, productivity per capita in the Flemish region is between 20-25% higher than that in Wallonia (Eurostat, 2004)<sup>13</sup>. This means that the starting point for productivity growth is set at a very high level compared to those countries where much higher growth has been witnessed. It is also suggested that the country’s high productivity has been facilitated by substantial capital investment.

The expert report produced for the European social partners restructuring project undertaken between 2004 and 2009 states:

*“The annual labour productivity growth from 2001 to 2006 was relatively low at around 1.5%, and below the OECD average of 1.8%. It may be argued that one of the reasons of this slowdown is the recent national policy orientation to make economic growth more labour-intensive by lowering indirect labour costs on the lowest wages (i.e. the most labour-intensive jobs) or by creating a significant number of new jobs in the social economy (“neighbourhood services”). Combined with some weaknesses in the innovation system, these trends have raised awareness of the need to boost innovation to ensure the country’s future prosperity” (page 21) and “(...) employees’ involvement is an area where social partners in Belgium have been actively working on in order to boost productivity and enhance quality of work through workplace innovation strategies. In this respect Information and consultation play a decisive role as well as open communication” (page 40).*

The Belgian trade unions stress many problems linked to ensuring good quality workplaces. According to them it especially concerns those employed on the basis of flexible contracts. Trade unions strongly criticize part-time work *ad vitam* (for life) and temporary agency work performed on the basis of the renewed - for months and even years - contracts. Another feature of flexible contracts are low salaries. The Belgian trade unions stress that a certain quality of workplaces is not ensured in case of older workers and provisions for age management are missing. This group of workers is also concerned by inappropriate social security provisions and a weak replacement rate. The Belgian trade unions stress that good quality work implies that there are appropriate options of work for older workers, who, usually for health reasons, are not able to perform their previous professional tasks. Employing older workers and maintaining them in employment while ensuring their productivity will be one of the main

<sup>12</sup> See for example F. Naedenoen, O. Lisein, F. Pichault, *National Background Paper – Anticipating and managing restructuring in Belgium*, report prepared within the framework of the project “27 National Seminars Anticipating & Managing Restructuring”, ITC ILO Turin 2010, p.9-11.

<sup>13</sup> V. Pulignano, *Belgium National Dossier*, drafted within the framework of the *Joint European Social partners organisations project “Study on Restructuring in the EU”*, December 2009, p. 6.

challenges in the future<sup>14</sup>. The Belgian trade unions also indicate that there is no sufficient level of investment in R&D in Belgium. According to estimates quoted by them, total investment in R&D in 2008 was approx. 1.92% of GDP, but has experienced hardly any growth in the last decade (was the level of 1.83% of GDP in 1997). Enterprise investment in R&D in 2007 amounted to 1.36% of GDP, which was still far away from the level of 2% agreed by the EU in the Lisbon Strategy<sup>15</sup>.

## Gender equality

Gender equality initiatives play an important role in Belgian employment strategy. For example, neutral names for professions are required and, during short training sessions, young women are given the opportunity to become familiar with occupations in which men are over-represented. Measures have been implemented to reduce the gender pay gap, which in 2008 was estimated at 9% and which was already the third smallest pay gap in the EU.

The social partners are heavily engaged in promoting gender equality through, inter alia, revising job classifications and defining measures to fight against gender segregation at the sector level. An example of an initiative is that undertaken in the construction sector and initiated by the Walloon employment service (NRP 2008-2010, pages 88-89).

The Belgian trade unions stress that flexicurity has a specific gender dimension. According to them it are predominately women who are facing the challenge of reconciling private/family- and professional life. As a result, women are more often the subject of flexible contractual arrangements (41% of female workers are part-timers); as a result, they are much more likely than men to be trapped in precarious jobs. Trade unions also point out the problem of many hidden barriers and forms of discrimination that are hindering the professional advancement of women.

## Financial sustainability

As it has been described above, the biggest challenge to the financial sustainability of flexicurity measures is affordability in the context of the prevailing economic climate and the level of public debt. Flexicurity requires financing such initiatives as unemployment benefit for people in the “job-to-job transition period”, ALMP (training, accompanying services for job seekers etc.) or widely understood social protection system. Various sources suggest that public finances can be under quite a strong pressure in the nearest future.

## Conclusion: Strengths, weaknesses and challenges

It seems that in Belgium there are a number of instruments that address flexibility related objectives. The use of flexible contractual arrangements is well rooted, and all types of so-called flexible employment relations (part-time work, fixed-term work and temporary agency work) are widely used. Trade unions stress that these contracts cannot be regarded as natural elements of the diversified professional career as they do not offer good quality jobs. Moreover, they do not offer opportunities for career advancement and employees on flexible contracts are condemned for “professional vegetation”. The social partners are involved in both designing the instruments (i.e. developing competence profiles or training programmes) as well as in the management of them (i.e. distribution of unemployment benefit). Introducing security provisions for so-called atypical contracts or the

<sup>14</sup> F. Naedenoen, O. Lisein, F. Pichault, op.cit., p.18-20.

<sup>15</sup> The Lisbon Strategy objective was to ensure 3% of investment in R&D: 1% was to be the State contribution, while remaining 2% was to be the enterprise one.

establishment of employment units in enterprises undergoing restructuring are also designed to facilitate job-to-job transitions. A major weakness of the system is the cost of the social security system in the context of present economic conditions. Another structural problem is the relatively low activity rate and skills shortages in certain areas. Substantial regional disparities are hindered by culture, tradition and language that limit interregional mobility, especially between Flanders and Wallonia.

Taking the above issues into consideration, one of the main challenges for Belgium seems to be the adjustment of the social security system to the current labour market needs, for example by introducing alternative solutions to existing social security system. Further challenges are the need to increase the participation rates and the mobility of workers.

### 3 THE ROLE OF THE SOCIAL PARTNERS

#### General remarks on the role of social partners

In Belgium the social partners play a very important role in the decision making process on social and economic issues. Negotiations are conducted within the framework of bipartite social concertation (*concertation sociale*) and are aimed at concluding collective agreements (*Conventions collectives du travail, CCT*). The government can only “enter the game” in case of bottlenecks and the inability to reach the consensus; this is done by social conciliation procedure (*conciliation sociale*). Negotiations take place at three levels: national, sectoral and enterprise level. As a result collective agreements can be concluded at the national level (intersectoral agreements, *les CCT intersectorielles*), at the sector or branch level (sectoral agreements, *les CCT sectorielles*) and at the enterprise level (enterprise level agreements, *CCT d'entreprise*). The last sector agreement covers 2009 and 2010 when the social partners negotiated support measures for purchasing power as well as issues related to company competitiveness.

There are three main national trade union organizations in Belgium: The Confederation of Christian Trade Unions (CSC/ACV), the Belgian General Federation of Labour (FGTB/ABVV) and the Federation of Liberal Trade Unions of Belgium (CGSLB/ACLVB). All three organisations are affiliated to the ETUC.

Employers’ organisations are reported to have a membership rate 75%. The biggest employer organisation in Belgium is the Belgian Federation of Employers (FEB/VBO). In total it represents 30,000 companies including 25,000 SMEs. Other employer organisations are the Federation of Belgian Farmers (BB), the Flemish Organisation of the Self-Employed (UNIZO) and the French-speaking Union of Self-Employed (UCM). At the EU level FEB/VBO is a member of BUSINESSEUROPE, while UCM and UNIZO are members of UEAPME.

#### Main instruments and levels of influence

Elements of the biannual national collective agreement are usually incorporated into Belgian legislation and reform programmes. Recently the social partners have been actively involved in the development and implementation of the stimulus package. The national social partners influence sector collective agreements and collective agreements at the level of individual enterprise.

Social partner initiatives related to flexicurity include:

- Developing competence profiles at the sectoral level;
- Involvement in specialized centres promoting employment;
- Designing and financing training provisions;

- Deciding about the level and distribution (trade unions) of unemployment benefit;
- Engaging in works of management committees for social security;
- Providing assistance in initiatives aimed and increasing geographical mobility;
- Promotion of gender equality including efforts to eliminate occupational segregation and attract more women to work (i.e. *Femmes de la Construction* project);
- Concluding collective agreement on fighting discrimination.

#### BELGIUM - MAIN SOCIAL DIALOGUE INDICATORS

	Belgium	EU25
<b>Collective bargaining coverage - % of employees covered by collective agreements, 2006</b>	96.0	63.0
Trade union density - % of dependent employees who are trade union members, 2005	51.5	25.3
Employer organization density - % of employees employed by companies that are members of an employer organization, 2006	75.0	n.a

Source: EIRO on-line Country Profiles, EU Industrial Relations Report, 2008.

#### Recent changes and challenges

The Belgian social partners do not refer directly to flexicurity in their agreements. They prefer to discuss “employment security” or “effective job-to-job transition”.

According to some trade unions representatives flexible solutions have been implemented in Belgium for a long time without being termed “flexicurity”. Trade unions stress the importance of ensuring appropriate unemployment benefits and designing appropriate ALMP measures (as regards training, assistance for job seekers etc.) for all categories of workers. Trade unions are in favour in extending the provision for time credit to all employees and to require mandatory replacement for employees taking career breaks. Moreover, they point out that recently taking “non-thematic” sabbatical leave has become more difficult to access.

Employers expressed doubts about the effectiveness of outplacement services provided within the framework of employment units. They would like to see a more dynamic approach to ALMP. They are also sceptical on the use of “time credits” and point out that sometimes they are used to finance leisure time.

The Solidarity Pact between Generations signed in 2005 remains a cause of controversy. Trade union representatives were not supporters of the idea that workers who are entitled to early retirement should remain available for employment nor did they like reductions in social charges for employers. Employers were generally more in favour of the signed Pact and wanted to see its operationalisation.

Both trade union and employers’ organisation representatives stress the importance of lifelong learning for effective functioning of the labour market. They agree that ensuring quality of work is important. The Belgian social partners are willing to re-examine the status of blue-collar and white-collar workers. There are significant differences between these two categories of workers as probation period, notice period, sickness leave and annual holidays are concerned.

## Cases of good practice in the field of labour market flexibility and security

Examples of good practice in Belgium include: Employment units and two examples indicated by the Belgian trade union representatives: First, discussion points of the CSC Reflection Group and secondly, a list of labour market initiatives in Belgium that are regarded by the trade unions as positive and good instruments..

### **Example One: Employment Units (*cellules d'emploi*)**

Employment Units (*cellules d'emploi*) are internal units created in the enterprise undergoing restructuring that is charged with the mission of counselling and assistance in job search process for all dismissed workers. Till 2004 only enterprises using early retirement were obliged to set up these units. Since 2004 all companies undergoing restructuring and employing over 20 workers are obliged to set up Employment Unit. The objective of the units is to facilitate job to job transition. In 2007 in Flanders there were 106 employment units, their insertion rate was over 60%. In the Walloon region there were 36 employment units (*cellules de reconversion et de l'emploi*), which had an insertion rate of over 50%. Within the framework of employment units outplacement services of 30 hours are to be guaranteed for those aged under 45, and of 60 hours for those aged 45+.

Source: Belgium NRP 2008-2010.

### **Example Two: Discussion points of the CSC Reflection Group**

1. Proposals of good practices facilitating socially responsible flexicurity, namely reduction of labour market segmentation and flexible working time taking into account workers' needs.
2. Combat exclusion of precarious workers by acknowledging periods of atypical work in the sectoral collective agreements.
3. Limit disadvantages of work on duty or on call by introducing sectoral regulations concerning salaries.
4. Transform part-time work into flexibility instrument favourable for workers, use good practices from retail sector.
5. Explore idea of “mobile teams”, use good practices for the hospital sector.
6. Analyze experiences of the groupings of employers and examine how they can be use to worker's benefit.
7. Explore further relation between skills and labour market opportunities.
8. Explore job coaching as means to facilitate job-to-job transitions and career development.
9. Analyse provision of outplacement system, use good practices from the banking and insurance sector.
10. Support transferability of qualifications by providing sector-oriented training programs.

Source: Joint statement to the survey delivered by CSC, FGTB and CGSLB, May 2010.

### **Example Three: Good practices indicated by the trade unions**

The Belgian trade unions representatives indicated the following good practices perceived as specific solutions for Belgium:

1. Concertation system “at three levels”: national, sectoral and enterprise levels;
2. Monitoring obligations in the field of training initiatives and financial sanctions;
3. Right to paid training leave (*Conge Education Paye*);
4. Recommendations on ensuring the right for transfer to “easier work” for older workers; they need to be evaluated and reinforced to make them obligatory;
5. Temporary work.

Source: joint material sent CSC, FGTB and CGSLB, February 2010.



## 4 Key points arising

From the point of view of the author of this report the following key points are arising in regard to flexicurity in Belgium, also in reflection of the cluster seminar discussions:

- *Flexicurity is a multidisciplinary topic requiring appropriate reactions from the government and the parliaments, i.e. via law making process;*
- *Involvement of social partners in designing flexicurity-related policies and instruments is crucial; social concertation as main means for ensuring social partners' contribution, i.e. while introducing annual working time calculation;*
- *A balanced flexicurity approach requires ensuring appropriate social protection as well as opportunities for professional advancement for all workers, including atypical workers;*
- *Participation rates shall be increased by guaranteeing good quality employment opportunities;*
- *Lifelong learning and continuing vocational training are crucial for implementing flexicurity, therefore appropriate financing methods shall be granted;*
- *One of the methods of preserving existing social security system are recently proposed alternative solutions to social security;*
- *There are some solutions/practices in Belgium supported by social partners that can be regarded as flexicurity-related, however, social partners prefer not to call it flexicurity, but rather “employment security” or “effective job-to-job transition”;*
- *The Belgian trade unions call for “flexicurity for the benefit of workers”;*
- *Potentially “transferable” solutions can be: methods for working time calculation i.e. “plus minus conto” or “career breaks”, however, a potential transfer shall always be examined taking into consideration particular socio-economic context of a given country.*

## Sources and references

### Questionnaire replies, interviews and other contributions:

A questionnaire reply was received from one employer organisation: UNIZO. Three trade union organisations (CSC, FGTB and CGSLB) provided a joint letter in which they presented their responses in May 2010. The second joint letter of trade union organizations – feedback to the draft national fiche and comments to the cluster seminar - was sent in February 2011.

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