



Flexible work organisation, short-time allowances and qualification measures



The impact of the crisis on the labour market

- In 2009, real **GDP** decreased by app. 5%
- Employment decreased by merely 0.1%
- The **unemployment rate** rose from 7.1% in Dec. 2008 to 7.4% in Dec. 2009
- In **absolute numbers**:
3.4 million unemployed (national def.) on annual average in 2009
- The Federal Government implemented two economic stimulus packages: **Package I in November 2008 and Package II in February 2009**

(volume of appr. 2% of GDP, over two years)



- Germany's flexicurity approach includes as a cornerstone internal flexibility in firms (modifications of tasks or working time arrangements)
- Collective bargaining parties and the organisations of employers and employees have leeway for creating a balance between the necessary flexibility and workers' interests
- Many collective agreements allow companies to remain below or exceed the regular working time within a defined range or to distribute working hours variably within the framework of working time accounts



- During the peak of the economic crisis the use of internal flexibility avoided extensive redundancies and unemployment
- The instruments most frequently used were: reduction of time credits on working time accounts, short-time work, arrangements concerning the use of paid annual leave, in-company transfers
- Supportive measures such as meetings of members of the government with CEOs of 30 DAX companies. Companies undertook to avoid redundancies as far as possible



Maintaining Employment

Short-time allowance

Preconditions

- loss of work leading to loss of earnings for at least one-third of the persons employed in the plant; until end of 2010 simplified rule applies, i.e. one only has to prove that loss of earnings exceeds 10 per cent
- economic reasons or inevitable event
- temporary and unavoidable

Benefit

- short-time allowance amounts to 60 / 67 per cent of lost net wage



Maintaining Employment

- Short-time allowance have always been part of labour market policies
=>embedded in German „labour law“, the Social Code Book III
- Conditions have been adapted to react to the crisis:
 - **2009** Duration of short-time allowance was extended to 24 months (normally: 6 months)
 - **2010** Duration has been limited to 18 months



Additional Support

(temporarily applicable up until the end of 2010)

- Employment agencies reimburse half of the social insurance contributions payable in respect of short-time work (full reimbursement from the 7th months)
- For staff members who take part in further training measures during short-time work contributions may be fully reimbursed



Qualification during short-time work

- Federal programme on the financing of qualification measures (co-funded by the ESF) for the years 2009 and 2010
- Support rates (EU general block exemption regulation):
 - ◆ general training measures up to 60% of training costs
 - ◆ specific training measures up to 25% of training costs
 - ◆ in respect of SMEs, the support rates are raised by 20% resp. 10%



Maintaining Employment

- In 2009, on average 50 000 companies made use of short-time working schemes, for app. 1,1 million employees
- In 2009 app. 112 000 persons were in qualification measures during short-time work (ESF-Programme)



Thank you
for your attention!