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## PRESS RELEASE

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### **The 2003 social balance sheet**

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The social balance sheet, introduced in 1996, contains a coherent set of data concerning various aspects of employment in Belgian enterprises: the contractual status of wage earners, their gender, their educational level, the number of hours worked, the staff costs, the training policy, etc. The first part of the present article deals with the provisional results of the analysis of the social balance sheets for the year 2003, based on a limited population of enterprises. The second part focuses on the regional breakdown of the social balance sheets and aims to outline the enterprises' distinct characteristics according to their region of establishment.

#### **1. The 2003 social balance sheet**

Since the data are not yet available for all enterprises required to file a social balance sheet, the study of the social balance sheets filed for 2003 covers a limited population of enterprises, compiled according to the principle of a constant sample and made up of 40,630 enterprises. This limited population accounts for half of the enterprises of the entire population and employs roughly three quarters of the paid employment of the enterprises subject to the depositing requirement for social balance sheets. The main conclusions drawn on this basis can be summarized as follows:

#### **Employment**

- Employment diminished by 0.8 p.c. on average between 2002 and 2003, but the pace of job destruction slightly slowed down by the end of the year, so that the change at the end of the year remained limited to -0.5 p.c. The decrease in the number of employed workers was particularly substantial in industry (where it even intensified throughout the year) and in the branch of "financial services, real estate and business activities", due to a reduction in the workforce by almost 3 p.c. in banks and insurance companies. The other branches of activity recorded a positive balance in terms of employment at the end of the year. The most significant increase was recorded in the branch of "other services", and more specifically in the sector of health and social work.
- The employment volume expressed in full-time equivalents (FTEs), which takes account of the working time of employees, diminished by 1 p.c. on average between 2002 and 2003. The average working time per FTE remained stable at around 1,550 hours a year, so that the volume of work expressed in hours also declined by 1 p.c.
- While the number of full-time wage earners dropped (-2,3 p.c.), the number of part-time workers once again increased (+6,1 p.c.). The rise in male part-time employment was particularly steep, reaching 13 p.c. on average. It concerned all branches of activity, except agriculture and "other services". An analysis of the staff movements, which is only possible for enterprises filing full-format balance sheets, reveals that this rise mainly results from a changeover from full-time to part-time contracts. It is probably due in part to the development of time credit.
- A slowdown in the net outflow of low or medium-skilled workers was recorded between 2002 and 2003 in the enterprises filing a full format. On the other hand, the net inflow of high-skilled staff lagged behind the inflow recorded last year. Since the cyclical turnaround of late 1998, low- and medium-skilled workers (primary or secondary education) have benefited to a very limited extent from the improvement in the business climate: as soon as the growth in activity slowed down, a net outflow was recorded in these categories of workers, while the number of very highly qualified workers progressed continuously.
- In implementing their staff reductions, employers gave preference to the socially most acceptable solutions. Indeed, layoffs increased only slightly between 2002 and 2003, unlike retirements and early retirements, and the non-renewal of fixed term contracts. All in all, the number of the latter fell by 4.2 p.c. between 31 December 2002 and 2003. The number of open-ended contracts also diminished, but at a more moderate pace. As a result, the structure of employment per type of contract, largely

dominated by open-ended contracts, hardly changed. However, the volume of work performed by temporary workers rose, which can be interpreted as a sign that the situation improved within the enterprises of the limited population.

### Labour costs

- Staff costs increased by 1.6 p.c. between 2002 and 2003. As employment in FTEs dropped by 1 p.c. on average and the work volume per FTE remained unchanged, hourly labour costs rose by 2.7 p.c.
- The increase was more significant in small and medium-sized enterprises than in large enterprises. Broken down by branch of activity, the rise was particularly sharp in "other services" (3.7 p.c.) - due to the important increase in the sector of health and social work -, and in "trade, transport and communications" (3.2 p.c.). Elsewhere, the rise remained close to or lower than average.

### Training

- The training policy still seems to have been influenced by the cyclical uncertainties faced by employers in 2002. The participation rate for trainings stagnated, as well as the proportion of working hours spent on the acquisition or upholding of staff qualifications. On average, 37.6 p.c. of the wage earners participated in a training in 2003. The average cost of training programmes amounted to about 1,336 euros per beneficiary, for an average duration of nearly 31 hours.
- The indicator relating to the financial effort of enterprises on training programmes, which relates the training budget to overall staff expenses, diminished between 2002 and 2003, reaching 1.2 p.c. This new decrease destroys the efforts recorded at the end of the nineties.

## **2. Regional breakdown of the social balance sheets 1998-2002**

In the second part of this article, the social balance sheets have been broken down according to whether the enterprises operate in a single region or in several regions; the allocation to a region is made in the latest case according to the one in which the largest number of jobs is listed. A distinction is thus made between uniregional enterprises from Brussels, Flanders and Wallonia, and multiregional enterprises which are predominantly from Brussels, Flanders and Wallonia.

This breakdown has highlighted the specific features of each group of enterprises, as well as the more or less great influence of the nature of their activities on the results obtained in terms of working hours or training policy, for instance. The analysis which is presented here, is but a first approach to the regional characteristics of enterprises on the basis of the social balance sheets. It should be examined in closer detail, in order to better understand the differences observed between the three regions.

The average number of working hours recorded in the six groups of enterprises, for instance, clearly reflects the differences in the structure of activity, since the number of working hours - within the branches of activity as such - is relatively homogeneous in the various regions. This is less the case in terms of staff costs, at least for uniregional enterprises. It can be observed, for instance, that hourly costs are systematically lower in uniregional Walloon enterprises and higher in uniregional Brussels enterprises, in spite of their identical average size.

With regard to the training policy, uniregional Walloon enterprises continue to lag behind both other regions, in spite of the progress made in terms of worker participation. For multiregional enterprises, the less favourable results in Wallonia are possibly due in part to the smaller size of Walloon enterprises, as well as to the predominance of the industrial sector, which traditionally spends less money on training policy than for instance the branch of "financial services, real estate and business activities", which accounts for 55 p.c. of the staff in multiregional enterprises from Brussels, and the branch of "trade, transport and communications", which represents more than half of the workforce in Flemish multiregional enterprises.