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## PRESS RELEASE

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### **The social balance sheet 2005**

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Introduced in 1996, the social balance sheet contains a consistent set of data relating to various aspects of employment in firms in Belgium. This article sets out the provisional results of the analysis of the social balance sheets for the 2005 financial year. Since data are not yet available for all the firms required to complete a social balance sheet, the study examined a reduced population of firms compiled in accordance with the constant sample principle and consisting of 48,976 firms which together employed 1,442,000 workers in 2005. This reduced population comprises almost 65 p.c. of firms in the total population and employs around 80 p.c. of the workers registered in those firms.

The main conclusions arrived at on that basis may be summarised as follows:

#### **1. Employment developments**

Employment expanded by 0.5 p.c., on average, between 2004 and 2005 in firms in the reduced population. The pace of job creation remained unchanged during the year. On the other hand, the expansion of the volume of labour measured in terms of FTEs slowed down, since the 0.2 p.c. rise seen during the year gave way to stabilisation between 31 December 2004 and 31 December 2005.

- Employment growth depends on the dynamism of small firms. Here, the workforce grew by an average of 2.4 p.c., or almost 9,700 workers. In medium-sized firms, the rise was more modest (1.3 p.c.), while large firms recorded job cuts (-0.8 p.c.).
- The workforce declined in industry, where 4,700 jobs were lost between 2004 and 2005, a fall of 1.1 p.c. Employment remained stable in the "trade, transport and communication" branch. In the other branches the trend was more favourable, with a particularly marked increase in construction (2 p.c.) and the "other services" branch (3.5 p.c.). In the latter, the growth was especially sustained in firms of the "health and social work" branch.
- The male workforce declined by around 1,400 units between 31 December 2004 and year-end 2005, while the number of female employees increased by 8,400 units, so that they represented 37.7 p.c. of total employment at the end of 2005.

#### **2. Staff movements**

The scale of the staff net recruitments recorded in 2005 was half that seen in the previous year, totalling around 9,000 units. Fewer staff (around 480,000 persons) were recruited, whereas departures increased (471,000 workers).

The "full-format accounts" -which were completed by 18 p.c. of firms, representing 78 p.c. of workers-, allow identification of the staff movement characteristics.

- The net recruitment reached 3,400 units in these firms. It corresponds to an increase in the number of employees with higher education qualifications but to a decline in staff with low or moderate skills, though the latter still make up the bulk of staff recruitment. An analysis of recruitment shows that workers taken on part time have a lower standard of education, on average, than those recruited full time; in the case of the latter, there is a marked difference of profile according to sex: male recruits are less skilled, on average, than females.

- The mobility of temporary workers accounts for a substantial proportion of staff movements during any year. The analysis reveals that changes in their contract of employment affect some temporary staff, who are offered a permanent contract. Despite the substantial net recruitment of temporary workers (over half of the total), the size of the temporary workforce varies very little: for the past three years it has represented around 6 p.c. of total employment. While temporary staff in fact have a high turnover rate, there is also significant turnover in staff on permanent contracts, since 13 p.c. of them left their employer in 2005.
- Although total departures increased in the reduced population as a whole, they declined in firms filing full-format accounts, with around 278,000 workers leaving in 2005. A reduction was recorded for most of the reasons for leaving, except temporary contract terminations which, in 2005, represented half of departures. The numbers taking early retirement were 22 p.c. down, but there was only a small decline in the number of workers taking standard retirement. There was also a decline by just under 10 p.c. in redundancies. Finally, the numbers leaving for other reasons – as a result of an agreement between employer and worker, or of death in service – remained practically stable.

### **3. Structure of employment**

The structure of employment is altered by staff recruitment and departures, but also – and primarily – by changes affecting existing staff, resulting from developments in the needs of workers and employers regarding security and flexibility.

- Part-time working has been expanding constantly since 1998. Between 2004 and 2005, it showed further significant growth, as the proportion of part-time workers increased by 3.8 p.c. Net recruitment of full-time workers remained proportionately greater in terms of numbers than that of part-time workers, but changes in the working arrangements of existing staff in favour of part-time working contributed towards a rise in the rate of part-time work in almost all branches of activity. The increase was more marked for men (6.2 p.c.) than for women (2.2 p.c.). Part of this expansion was due to the development of the time credit, increasingly used in order to improve the balance between working and family life, but also to facilitate the transition between work and retirement, especially in large firms.
- The downward trend recorded between 1999 and 2003 in the proportion of workers employed under temporary contracts has ended. Permanent contracts still account for the major part, representing almost 94 p.c. of contracts in firms as a whole.
- In firms filing full-format accounts - which make it possible to assess the overall proportion of temporary contracts, including agency workers and staff on secondment - 9.2 p.c. of workers are employed otherwise than under a permanent contract. The type of temporary contract used varies considerably according to the firm's size and branch of activity. Thus, small organisations prefer to use agency workers, while large firms use fixed-term contracts. Industry and construction are the principal users of agency workers, though in very different proportions. The service branches make more use of fixed-term contracts. Staff on secondment and substitution contracts occur mainly in the various service branches.
- In firms filing full-format accounts, there was a marked rise in agency work between 2004 and 2005, increasing to a total of 3.3 p.c. of FTE employment and 4 p.c. of hours worked. Almost 60 p.c. of companies filing full-format accounts use this type of staff. The proportion of users is smaller among small companies, though agency workers still account for over 5 p.c. of the workforce here. In the various branches of activity, agency workers are commonest in industry and the "trade, transport and communication" branch. In construction, although the proportion of user firms is large, the share of agency workers in total employment remains limited.

### **4. Labour costs**

The wage bill increased by 2.3 p.c. between 2004 and 2005 in firms in the reduced population. Given the 1.3 p.c. decline in the volume of labour, hourly costs increased by an average of 3.6 p.c. The rise was smaller in the case of full-time workers (3.4 p.c.) than for part-time workers (5.5 p.c.) and was less marked in the case of small firms (3.6 p.c.), than for larger ones (around 4 p.c.). In some branches, the movement was influenced by isolated events in certain dominant enterprises. This was the case in transport and communication, where the rise was 6.8 p.c., and in energy and water, where a 0.7 p.c. fall was recorded. In the other branches, the increase was between 2 and 4 p.c.

The analysis shows that while the level of hourly staff costs varies between the branches of activity, wage dispersion is also uneven. The ratio between the average cost recorded in firms with the highest hourly costs and the average for those with the lowest costs thus ranges from 2 in construction and hotels & restaurants to almost 4 in community, social and personal services and in real estate and business activities, and even reaches 5 in the energy and water branch.

## 5. Training

In regard to formal training (courses and programmes run by trainers in premises made available for the purpose), the performance recorded is well below the set targets. In line with the agreements previously concluded between the social partners, the Generation Pact adopted at the end of December 2005 stipulates that the financial effort of firms in favour of training activities must reach 1.9 p.c. of the staff expenses in 2006, and that the proportion of workers given access to training must reach 50 p.c. by 2010. The pact also stresses the need to define sectoral plans, failing which compensatory measures will be introduced.

In 2005, the indicator relating to the financial effort put into training, which compares the training budget with total staff expenses, declined once again, by almost 7 p.c. If this trend is applied to the level reached in 2004 for firms as a whole, the training budget would represent only 1.05 p.c. of staff expenses in 2005, compared to 1.42 p.c. in 2000. It is true that regional, community and sectoral aid will have helped to reduce the costs incurred by firms, but at the same time the proportion of working hours devoted to training also declined, namely from 0.86 p.c. in 2000 to 0.73 p.c. in 2005. Conversely, the participation rate of workers to training increased slightly between 2004 and 2005. It is thus estimated that 36 p.c. of workers had access to training in 2005, i.e. one percentage point more than at the beginning of the decade.

The analysis shows that few branches of activity meet both the financial target and the participation target set by the Generation Pact. The “financial and insurance services” branch and the “energy and water” branch did so; the others fall well short of the targets, particularly in terms of the budget allocated to training.

Formal training is only part of the training activities, even if it is the most visible element. To allow more accurate measurement of the overall investment in training by Belgian firms, the social balance sheet will be supplemented by a table which aims to record the effort made in respect of informal training (i.e. other training activities directly linked with the work, particularly those at the workplace) and by a table relating to initial training (i.e. systems alternating work and training, with the aim of acquiring qualifications).