

Chapter 6.

Life-course Policies and the Labour Market

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Life-course policies have become a major concern for international organisations and national governments. This trend is related to some common labour market problems experienced by many industrialised countries, especially the low employment rates of the senior population (over 55 or even 50), and work/family reconciliation problems following the compression of working careers in the age 25-50.

Our presentation of these issues relies first on a theoretical analysis of life-course policies, which shows that these schemes are based on three major paradigms, namely life cycle and transitional labour markets in economics, and the life-course approach in sociology.

A comparative study of policies then leads to two main conclusions, and some policy recommendations.

First, social protection and employment regimes have differentiated effects on life course. In a global perspective, the Nordic model appears to be the most favourable in terms of flexibility in time allocation over the entire life cycle, and thus it is associated with a better conciliation between work and family life. Nevertheless, some inequalities remain between men and women.

Second, beyond country differences, there is a general trend to an individualisation of time management, and to an extension of the time period concerned, for instance through time saving programmes.

However, this trend remains limited, and should be further developed in order to ensure a wider coverage and to build new rights for people on the labour market (for instance through a better transferability).

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1. Introduction

The dynamic “life-course” approach has been the subject of major developments in recent years, at both academic level and that of public policies, especially policies for the regulation of working hours. From the academic point of view, the inclusion of the dynamics of choice and of the role of time has progressed in several disciplines, whether it be economics (standard analyses of the “life cycle” and also from the standpoint of “transitional markets”, see Schmid and Gazier, 2002), sociology (approaches based on the life course, see Mortimer and Shanahan, 2003; O’Rand and Kreckler, 2000) or law (see, for example, Supiot, 2001).

In the work and recommendations of international organisations (OECD and European Union) there has been a notable revival of the question of working hours, with the debate shifting towards life spans taken in their entirety. This evolution is the result of several concerns.

In the first place, the persistence of low employment rates for seniors in numerous countries, which do not appear to be compatible with the existing models for the financing of social protection (and in particular pension systems), cannot be reduced to a question of incentives for continuing active work. In the countries concerned, it brings in numerous other factors, including a deficit in terms of in-career training and incorrect anticipation of the consequences of arduous working conditions, in other words questions that bring in the labour market aspect of the life course.

Moreover, the age-cohort patterns of employment rates in most developed countries show a tendency to a concentration of tasks in the median age group, which combines the highest employment rates and the strongest family constraints. This concentration makes it difficult to reconcile the different spheres of life (in particular, family life and professional life) just when most employees are increasingly aspiring to improved reconciliation (OECD, 2004).

Faced with these concerns, life-course policies are starting to be developed in the OECD countries. They constitute one of the integrated guidelines in the European Employment Strategy for 2005-2008 (“Promote a life-cycle approach to work”) and a major thrust of the renovation of policies for the regulation of working hours in certain countries (for example, the Netherlands). These policies modify the traditional public policy approach, centred on certain phases of life or certain age groups, by introducing a global approach, consisting of giving individuals certain rights, resources and services enabling them to be the authors of their own life courses, especially concerning the allocation of working time (market and domestic) and leisure throughout their lifetime.

In this chapter, we shall recall first of all the theoretical foundations of this global life-course approach, before demonstrating the implications for the labour market. An analysis of the existing policy levers and of their limitations with respect to the implications of economic policy will make it possible to identify the main possible thrusts of reform and improvement.

2. Life-course policies at the intersection of several theoretical approaches

The analysis of life-course policies and their incidence on the labour market is situated at the intersection of several different approaches and even of several disciplines. In fact, it concerns jurists and sociologists just as much as economists. It is possible to

identify three types of paradigm capable of providing the foundation for a life-course-centred approach.²

2.1. *Analyses of the life cycle in economics*

In the field of economic analysis, it was mainly the introduction of the life-cycle hypothesis by Modigliani in the 1950s and the development of human-capital-based approaches (Becker, 1975) that made it possible to introduce the role played in individual decisions by time and by agents' expectations within the horizon of their whole lifetime.

This research programme led to the development of dynamic labour supply models and models of inter-temporal choice in which individuals maximise their well-being and exercise trade-offs between different activities (leisure, market work, domestic work, voluntary or charity work, for example) under a time constraint. These models are based on several strong hypotheses.³

First, it is generally assumed that individuals' preferences are exogenous and stable over time, with the consequence that present choices, for example regarding the supply of labour, are independent of past behaviour. On the other hand, they depend on the well-being expected from the current and future income associated with a given decision. Seen in this light, the heterogeneity of individual choices is solely a matter of differences in preferences and not of past experience.

Second, in most cases the assumption is made of preference for the present, in other words the assumption that the well-being associated with future consumption or future leisure is less than that associated with present consumption or leisure. This "time preference" is also exogenous and can vary from one individual to another, which explains the observed heterogeneity of choice, for example regarding investment in human capital.

Third, most models assume perfect information and absence of uncertainty.

From this standpoint, taking preferences as given (including the preference for the present), one arrives at a representation of behaviours in which present choices depend on the future and on expectations regarding the life cycle, in other words on the stream of future income and other possible receipts (inheritances, for example). Individual decisions therefore depend heavily on the gains and losses they generate. The time-horizon of the choices also influences the decision, so that life expectancy or expectations regarding the duration of working life also have an influence. The impact of public policy therefore operates through these two channels: first, its effect on expected gains and losses associated with a given decision and, second, its impact on the time-horizon of individual choices (retirement age, for example). It acts as a distorting factor in

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2. These distinctions transcend interdisciplinary differences, even though the analyses of the life cycle are found mainly in economics and those of the life course in sociology. The concerns addressed by the work on "transitional markets" bring together economists and sociologists but are also of considerable interest to jurists.
 3. These assumptions are often relaxed in the most recent work. It is relatively common to take into account the role of uncertainty or imperfection of information. The extension of the notion of preferences to factors such as habit all personal and social capital make it possible to make a link between the heterogeneity of preferences and the past (Becker, 1996). We limit ourselves here to the standard versions of the inter-temporal choice model.

choices (notably, the supply of labour and investment in human capital) and can lead to non-optimal situations.

These models lead, in addition, to a representation of life in a threefold sequence – education, employment and retirement – that corresponds to an optimal allocation of activities throughout life. Investment in human capital shows decreasing returns with age and hence has to take place early in life. The concave profile of the supply of labour results from the profile of productivity and income during a lifetime.

This analytical framework has been widely applied in the analysis of older workers' behaviour as regards exit from activity. In a neo-classical perspective, the choice whether or not to continue working depends on three major determinants. First, the legal retirement age (or age of access to early retirement) operates inasmuch as it creates market distortions (liquidity constraints, legal constraints on the labour market or even social constraints). Second, the generosity of the incomes received during inactivity (retirement pensions, early-retirement pensions, unemployment benefits) has a direct effect on the supply of labour. Last, retirement pensions schemes imply a marginal tax or a marginal subsidy: working an additional year modifies an individual's wealth, *i.e.* the present value of the stream of future income received during retirement. This effect depends, on the one hand, on the costs associated with an additional year of work (subscriptions paid and allowances not received) and, on the other hand, on the impact of one additional year of work on the level of the pension received. Life expectancy also enters into the calculation of anticipated wealth. If the effect induced by an additional year of work is negative, then the pension system does not meet the condition of actuarial neutrality and acts as an incentive to inactivity. From this perspective, it then creates a distortion and a sub-optimal situation.

This perspective is central to an economic life-cycle approach. It nevertheless has difficulty in explaining the variety of choices observed, notably in an international comparison perspective, and tends to reduce the incidence of economic policy to financial factors only.

2.2. *The “life-course” approach*

The “life-course” approach is more recent and is linked to sociological or socio-economic research (Mortimer and Shanahan, 2003; Anxo and Boulin, 2006b).

The notion of “life course” defines a field of research and constitutes a heuristic concept making it possible to analyse individuals' trajectories over time. Unlike the neo-classical approach, which remains centred essentially on choices relating to the labour market (supply of labour, investment in human capital, etc.)⁴, these trajectories and hence the “life course” include all spheres of life (including family life, children's education, help for relatives, social life, and so on).

The existing work adopts two fundamental hypotheses that differentiate it from the neo-classical inter-temporal paradigm.

4. Recent developments in microeconomics, and notably the economics of the family, tend to place this conclusion in a broader context by including a broader set of decisions (marriage, fertility, etc). However, a certain degree of articulation with the labour market is still maintained (*cf.* decisions concerning work and child rearing within the couple).

First, individual trajectories are shaped by both individual *and* social factors. Taking a Durkheimian perspective, the analysis regards institutions, social norms, values, etc. as having a direct effect on the unfolding of the life cycle, its formalisation into different phases (education, employment, marriage, etc.) and hence on the collective representation of time. However, it also takes into account the role of individual choices, making it possible, among other things, to explain the increasing heterogeneity of observed trajectories.

Second, the perspective adopted is “holistic” (*cf.* Anxo et Boulin, 2006b), in other words it covers not only specific phases or population groups but entire lives, which then become a subject for empirical analysis and evaluation of public policy.

As a consequence, this approach recognises the importance of trajectories and of the consequences of the past and of previous experience for present or future situations. Certain events, some of them occurring early in life such as the level of education attained, the conditions of insertion into the labour market or union formation and/or parenthood have consequences for the entire lifetime. Past experience comes into account and affects an individual’s opportunities with respect to the future.

The consequences of previous choices depend also on existing institutions and policies. For example, an advanced system of in-career training and intensive active employment policies can reduce the social costs of early exit from the education system. The effect of the past is not automatic and possibilities exist for the reversal of trajectories, possibilities that life course policy must encourage.

2.3. *The “transitional markets” approach*

The approach in terms of “transitional labour markets” developed by Schmid and Gazier (2002) also takes individuals’ trajectories as a subject of analysis and in this respect resembles the previous perspective. Moreover, it also recognises the role of institutions and social norms in explaining the dynamics. However, its originality lies in its apprehension of these trajectories through “transitions” that individuals experience or are liable to experience throughout their lifetime.⁵

These transitions comprise all the intermediate situations involved in employment. Five types of transition are identified: transition between the education system and employment; transition between the family or private life and employment; transition between employment and unemployment; transition within employment (between full-time and part-time working); and, finally, transition between employment and inactivity at the end of a career (retirement). These various transitions may be more or less favourable from an individual or collective point of view, depending on whether they increase opportunities and open up scope for choice during a lifetime or, on the contrary, reduce them. As in the “life-course” approach, previous experience in fact has consequences for present choices and irreversibility phenomena are to be observed both at individual level (choice of training, for example) and at the level of public policy itself.

From a methodological point of view, it is a matter of relating existing policies and institutions to the transitions that they influence and of identifying the institutional arrangements that favour “good” transitions. In conformity with the institutionalist tradition, the analyses carried out in this theoretical framework adopt the idea that

5. Moreover, in the transitional markets approach, employment is central, since one of the objectives of this approach is to conceptualise “new full employment” (Gazier, 2003).

different institutional combinations can lead to good performance, complementarities between the arrangements being of essential importance.

From a theoretical point of view, the point to note is that public policies are therefore liable to influence individual trajectories and positions on the labour market throughout a lifetime. Unlike the economic life-cycle approach, the sociological approach and the transitional-markets approach lead to regarding the diversity of the observed trajectories and transitions as resulting not only from the heterogeneity of preferences but also from the impact of the past and of national institutional systems. Moreover, from the point of view of the role played by time and by the dynamics of individual choices, these approaches complement one another, since the neo-classical theories place the emphasis mainly on expectations of gains or losses and hence on the future, while the life-course and transitional-markets approaches stress the importance of the past and of previous experience.

3. The implications of life-course policies for the OECD countries

Empirical research shows a strong relationship between the positioning of individuals in the life cycle and their situation on the labour market, with some features that are common to all the OECD countries but at the same time substantial differences among them. The determining factors are age, gender and family situation (especially the number of children).

On the whole, this perspective linking the life cycle and the labour market leads to emphasis on the emergence of new risks, both at individual level and at the more general level of social protection systems.

3.1. *The position in the life cycle and the situation on the labour market: the role of “national models”*

This section will take a set of comparative statistics supplied by the OECD and Eurostat in order to characterise the role of age and then of gender and family situation in the positioning of individuals on the labour market. These aggregated statistics are supplemented by certain results emanating from the exploitation of the European Community Household Panel (ECHP) (Anxo and Erhel, 2006; Anxo *et al.*, 2007), making it possible, first, to incorporate a more dynamic perspective of the functioning of the labour market through analysis of transitions and, second, to refine the analysis of position characteristics in the life cycle.⁶

The role of age on the labour market

In all the OECD countries, employment rates reach their peak in mid-life, whereas they turn out to be low for youths, on the one hand, and for seniors, on the other. The average employment rate for the 15-24 age group was 75.7% in 2004, compared with 43% and 50.8% for the 15-24s and the 54-65s (Table 6.1). The lower participation of youths is explained by education and by an increasingly long process of insertion on the labour market, while for the seniors it is the result of a relatively low average age of retirement (61.3 years in Europe in 2003, see Table 6.2).

6. In view of the availability of data and research, this analysis concentrates on EU countries, although it is widened where possible to other OECD countries (the United States, Australia, Canada, and Japan).

This situation is found again in the transitions by age group in 2000-2001 observable in certain European countries (Table 6.3): flows to inactivity are highest for the 55-64s, whereas the younger age group turns out to have the highest probability of experiencing transitions of any kind and, in addition, the greatest likelihood of experiencing a transition to employment. During the median period (25-54), transitions between employment, unemployment and inactivity remain relatively high, but lower than for youths, indicating stabilisation as regards employment.

There is therefore a tendency towards compression of careers, with employment concentrated on the years between 25 and 54.

This general observation masks substantial divergences between countries, however. Ever since increasing the employment rate of seniors became an objective of the European Employment Strategy (50% in 2010), these differences have become familiar for ageing workers in the European Union (*cf.* for example, European Commission, 2005; Courtioux and Erhel, 2005). This research reveals a contrast between two groups of country. In the Nordic countries, as well as in Portugal and the United Kingdom, employment rates are above the EES target (even exceeding 60% in Sweden and Denmark). By contrast, another group of countries is very far from attaining the objective: these are Belgium, Luxembourg, Austria, France and Italy. In these countries the average age of exit from the labour market is below 60, as a reminder of the substantial recourse to arrangements for early retirement or equivalent measures (unemployment benefit without the requirement to look for a job, incapacity benefits, etc.). The United States, Australia, Canada and Japan are closer to the first group, despite fairly marked diversity among them (seniors' employment rates of 52% in Australia and 63% in Japan).

It must be stressed, however, that the differences do not concern only the seniors. If this comparison of the role played by age on the labour market is generalised, one obtains an initial picture of the heterogeneity of life-course structures between European countries.

Table 6.1 reveals the existence of four groups of country. In the United Kingdom, Ireland, Denmark, the United States and Australia, employment rates are high for all age groups. In Belgium, Greece, France, Italy, Germany and Luxembourg, employment is heavily concentrated on the middle of the life cycle, with low employment rates for both youths and seniors. Observations available for two further country groups show asymmetric situations: Austria and the Netherlands have relatively high employment rates for youths but low rates for seniors; by contrast, in Sweden, Finland, Portugal and Japan, they are relatively low for youths and high for seniors.

These life-course structures tend to coincide with the usual typologies of social protection models (Esping-Andersen, 1990) or capitalism models (Amable, 2003). In the so-called "liberal" countries, the relatively low level of social protection and the more limited role of education and training create incentives to work throughout a lifetime, while the Nordic countries favour better equilibrium between training (education and in-career training) and employment. Note that the case of Denmark is special in this respect: youth employment rates are high in the country but this mainly reflects the employment of students, compatible with continuing education. In the "continental" and southern countries, the concentration of employment between the ages of 25 and 54 is the result of the lengthening of the period of education and the highly selective nature of the labour market (both as regards youths in the insertion phase and seniors). This situation therefore aggravates the financial constraints on social protection systems, since the burden of

financing, which is provided mainly by social contributions, is concentrated on a more restricted group, with careers that are briefer on average.

The role of gender and family situation

One of the notable facts concerning the developed economies is the feminisation of the labour force, accompanied by a shift away from the “single male breadwinner” model towards a dual-earner model and, more broadly, a diversification of household structures.

Despite these shared tendencies, which are reflected in a marked reduction in the difference in employment rates between men and women over the past 20 years (Figure 6.1), there remain substantial differences regarding the modalities of the integration of women on the labour market and regarding the nature of the transitions between the labour market and the domestic sphere.

These differences are partly linked to a generation effect. Although Table 6.4 does not permit a distinction to be made between the age effect and the generation effect, it does bring out differences in the gap in employment rates, depending on the age group being considered. The higher the age, the greater the difference in employment rates between men and women. Some work has shown that this correlation is indeed the result of a generation effect (European Commission, 1995).

There is also considerable heterogeneity among the Southern countries (Spain, Greece, Portugal), where the gender employment rate gap is wide for all age groups, indicating low female participation on the labour market. At the opposite end of the scale, it is in the northern countries (Sweden, Finland) that the gender differences are smallest. France and Germany, but also the United Kingdom, the Netherlands and the United States, are in an intermediate position, with small differences in employment rates in the case of youths and larger differences for the highest age groups.

Comparison between the transition matrices for the total population (Table 6.3) and for women (Table 6.5) provides additional analytical elements. On average, the probability of transition to inactivity (from either unemployment or employment) turns out to be greater for women, especially in the 25-54 age group. This particular feature remains on a small scale in France and Denmark but is more important in Spain, Italy and the United Kingdom. Germany is in an intermediate position. These differences in the transitions observed for the median age group reflect the impact of childbearing on the employment of women, which turns out to be substantial in the Southern countries (with the exception of Portugal), but also in the United Kingdom and Germany, where exits from the labour market are common in the case of women, although often only partial (to part-time working) and/or transitory.

From a gender perspective, therefore, despite a general tendency for the employment of women to increase, there are still substantial differences between countries.

In order to supplement these highly aggregated results and to obtain a broader picture of the differentiation by gender of employment structures throughout the life cycle, it is also possible to draw on recent work analysing the links between these employment rate patterns, the flexibility of working time and the composition of households (*cf.* for example, Anxo *et al.*, 2007). This analysis is based on the processing of individual data (provided by the ECHP for 2000-2001), making it possible to reconstruct the categories of household corresponding to different stages in the life cycle (single; young childless couple; couple with child; couple without child and with the woman aged

between 40 and 59; couple without resident child (the “empty nest”); couple without resident child and in which both the man and the woman are over 60). This typology makes it possible to simulate a life cycle in the absence of a long-period panel, using cross-sectional data. Despite the adoption of strong hypotheses (notably concerning the succession of these phases in the life cycle, whereas in real life there is much greater diversity of situations), this type of analysis makes it possible to make inter-country comparisons of (simulated) typical trajectories.

The comparison shows that the differences are to a large extent linked to the characteristics of the welfare state, as well as to employment and working time regimes.

According to this research, the social democratic regimes of the Nordic countries are characterised by generally higher employment rates, stronger incidence of the dual-earner household model and smaller gender differences. In contrast to other countries, cohabitation and founding a family are positively linked to the female employment rate. One explanation for this may be the existence of a flexible and generous system of parental leave, combined with a highly developed and publicly financed childminding system that makes it easier for parents to reconcile employment and family life. The working time regimes show only a low degree of polarisation between men and women, although working time for women with young children is tending to become lower than for childless women, whereas for men it remains stable.

In the “liberal” countries, participation in the labour market is also high but working time turns out to be much more polarised between men and women. Entry into cohabitation and childbirth are accompanied by an increase in the employment rate and working time in the case of men (including long hours), whereas there is a tendency for working time to diminish in the case of women.

The “continental” countries (France and Germany, but also the Netherlands) differ from the previous group in having generally lower employment rates and more marked gender differences. However, this group of countries turns out to be very heterogeneous: in France, the polarisation of working time between men and women remains very limited, in contrast to Germany and the Netherlands. This may be explained by the existence of a highly developed system of childminding in the case of France.

Lastly, the Mediterranean countries (Italy, Spain) show the lowest female employment rates and the “single male breadwinner” model remains very important. Cohabitation and the birth of children have a distinctly unfavourable and lasting impact on the employment of women, which may be explained by the lack of childminding systems, a restricted system of parental leave and a relatively rigid working time regime (little possibility of part-time working).

In combination, analysis of the functioning of the labour market based on employment rate data and also data on transitions, broken down by age and gender, shows the differentiation to be a function of the position in the life cycle (age, family situation) and of gender. To sum up, it can be said that “the life course matters”. However, a second conclusion is that these differences are not identical as between countries and show a link with certain social protection arrangements (parental leave, childminding systems) or employment policies (measures facilitating the exit of seniors from activity). The link between the life course and the labour market is therefore shaped by national public policies and institutional systems, in conformity with the hypotheses derived from the theoretical analyses described earlier. This is the point it is desirable to

examine further, identifying the principal levers of what can be very broadly described as “life-course policies”.

3.2. *Life course and risks*

The life-course perspective makes it possible to identify new risks that can be analysed at individual level and at the level of social protection systems, calling for an overhaul of public policies.

A first risk is related to the compression of careers in the median age group, a phenomenon that can be observed in numerous countries and especially the continental countries. This is accompanied by difficulties in reconciling professional and family life that turn out to be substantial, notably for women, on the evidence of several enquiries. For example, in France almost 39% of active workers in employment consider that their work makes it difficult to organise their family life (Garner *et al.*, 2004). In addition, European surveys show the importance of this question of reconciling work and family life: according to the results of the European Social Survey (ESS),⁷ 70% of Europeans consider the possibility of reconciling work and family life to be an “important” or “very important” criterion in choosing a job and this criterion is in gross terms more important than obtaining a high income or the existence of good promotion opportunities.⁸ Note that the gender gap in this appreciation of the importance of reconciliation is small. Eurobarometer results, for their part, make it possible to capture the gap between the opinions expressed by workers in the European Union regarding their wishes as regards time use over the life course and the reality of the options available to them (Groot and Breedweld, 2004). For example, 59% of those questioned would like to modulate their working hours as a function of their needs, but only 44% are able to do so; 24% would like to have access to smoothed early retirement (part-time work) but this is possible for only 12% of them. Finally, on the basis of an analysis of the Dutch case, Baaijens and Schippers (2007) show that the majority of employees are dissatisfied with their working hours and their organisation of time, despite the widespread existence of part-time work.

Moreover, this compression of careers is accompanied by increasing discontinuities (Schmid, 2006), whose impact on entitlements to social protection, and particularly retirement pensions, is very substantial. These discontinuities are linked to the growth in part-time working and short-term contracts (fixed-term contracts and temporary agency work) seen in all countries. The risk of an inadequate retirement pension is therefore increased by the combination of the shortening of careers and the reduction in stable full-time employment. It is further aggravated by the existence of the non-negligible risk of early exclusion from the labour market in the event of job loss at ages of 45 and more, since the likelihood of finding another job diminishes with age.

The level of education appears to be a variable capable of aggravating or reducing these risks. The level of unemployment and, in particular, the risk of long-term unemployment are closely correlated with the level of training. This is in fact a criterion for which the irreversibility phenomena are very numerous. In many countries, access to in-career training is beset by substantial inequalities, with the best trained workers having the best access to professional training (Gazier, 2003).

7. 2004 calculations by Lucie Davoine (CEE).

8. Regarded as “important” or “very important” by 67% and 54% of those questioned, respectively.

Note that the heterogeneity of national systems applies also to the level of incidence of these various risks, which are lower in the northern countries.

The functioning of the labour market therefore reveals new individual and social risks during the life course (from the initial training phase, through the concentration of time in the median age group to the access to retirement). These risks seem to be highly interdependent and marked by problems of irreversibility. Taking charge of these risks calls for the development of global policies making it possible to enhance the rights of the individual throughout the life course.

4. The levers available under existing policies

Among the policies having an incidence on the life course, a distinction has to be made between those that target a particular phase of the life course (or a particular type of transition, to use the transitional markets vocabulary) and those whose aim is to facilitate the freedom to allocate time throughout the life span. The former are more numerous and also more traditional, whereas the latter correspond to an innovative approach that provides a better response to the need to take charge of the new risks related to the labour market, in a perspective giving the individual the possibility of controlling his working career.

The analysis presented here is intended to be synthetic and attempts to provide a typology of existing policies without claiming to be exhaustive. Two limitations on the analysis of life-course policies from an international perspective have to be noted:

- A large number of measures are recent and have not been much researched. From a comparative perspective, we have drawn essentially on the work commissioned by the Dublin Foundation (Anxo and Boulin, 2005, 2006a), which deals with just six countries (Germany, Spain, France, the Netherlands, the United Kingdom and Sweden), and on the work carried out in the framework of research networks dealing with transitional markets (TLM.net, Anxo, Erhel and Schippers, 2007);
- Measures of this type are implemented at several different levels. Apart from statutory provisions, certain measures are organised through collective bargaining at the level of the branch or the firm. The empirical studies available show, in particular, that firms' human resource management strategies are increasingly including instruments for the individualisation of working time (Anxo and Boulin, 2005).

However, for reasons of access to information, and also because it is governments that provide the impetus in this field (Anxo, Boulin, 2006b), we have concentrated on measures of a general scope (mentioning bargaining activity when this is important).

4.1. Targeted policies

Public policies are applied to various phases of the life course. At the beginning of working life, they attempt to ease the transition between education and employment and, during working life, between work and family life, especially at the time of the birth of a child, and, at the end of working life, between employment and retirement.

A wide range of policies is involved. These include both measures that are explicitly focused on the labour market (labour law, especially concerning working time, but also active and passive employment policies, including those relating to early retirement, and training) and measures falling in the domain of social protection (maternity or paternity

leave, retirement). Figure 6.1 provides a synthetic representation on the basis of the typology of transitions as defined in the transitional-markets approach. It can therefore be assumed that a very wide range of actors is involved in their definition and implementation: government, social partners, and firms. However, as noted by Anxo and Boulin (2006b), there are substantial differences between countries in the manner of regulating life-course policies. The comparative analysis mainly distinguishes between countries where regulation is essentially contained in legislation or collective agreements covering a large proportion of workers (France, Sweden, Germany, and the Netherlands)⁹ and those where most of the options available are set at the level of the firm (the United Kingdom).

This group of arrangements helps to shape the choices made by individuals during the life course, through financial incentives (encouraging or discouraging withdrawal from activity at certain stages) or the opening up of room for manoeuvre, for example the modulation of working time (moving to part-time work, phased early retirement, opportunities for training, etc.).

Without going into the detail of the existing policies, it is possible to indicate certain shared tendencies on the basis of the study of six European countries co-ordinated by Anxo and Boulin (2006a):

- The development of long leave, such as parental leave, which now exists in all the countries analysed for the purpose of this study.
- The strengthening of guarantees concerning return to employment for those benefiting from such leave, either to the same job through the maintenance of the work contract or to a similar job.
- A distinct modification of the arrangements concerning the transition between employment and retirement, which are now in all countries aimed at maintaining workers in activity, notably through financial incentives forming part of the retirement system but also through the development of formulas involving partial retirement (or part-time early retirement) or even employment policy measures targeted on seniors (subsidies on hiring). This constitutes a major redirection of policy, notably for the “continental” countries, where, on the contrary, the policies applied in the 1980s and 1990s encouraged seniors aged over 55 to withdraw from activity, through early retirement and/or unemployment benefit or incapacity pensions.

As regards the policies targeted on different phases of the life course, we are therefore seeing a far-reaching change in the system of incentives: public policy is now encouraging long careers, with retirement taken later (and possibly in partial form, since the reforms carried out in most countries open up the possibility of combining work with a pension), while at the same time offering possibilities of withdrawal from the labour market during working life. This reorientation is both the result of the tendency towards “activation” of employment policies and social policies since the 1990s, as well as of the beginnings of an easing of the time constraints affecting people aged between 30 and 45.

9. An important special feature of France compared with the other countries grouped together in this category is the role played by legislation (as compared with collective bargaining), which remains very important.

However, they run up against substantial limitations, first, as a result of the marked irreversibility of the phenomena of exclusion of seniors from the labour market and, second, because of the consequences for life courses of temporary exits from the labour market,¹⁰ notably in the case of women. In addition, the opportunities opened up are of a targeted nature only and do not provide broader possibilities of modulating working time throughout the life course.

4.2. *General policies*

This heading covers the options offered to individuals regardless of age or particular phase of the life course. Four types of instrument can be identified as existing in European countries.

- *Temporary modulation of working time, i.e.* transition from full-time to part-time work: given the development of part-time working in all the OECD countries over the past 15 years, this option is increasingly available to workers. However, the modalities of its implementation differ very widely from one country to another, between those where the move to part-time work constitutes a guaranteed right (Sweden, Germany, the Netherlands) and those where it is simply an option opened up by legislation or collective bargaining but requiring the agreement of the employer (Spain, the United Kingdom, “chosen part-time working” in France). It should be noted that these entitlements are in most cases restricted to certain groups of worker (parents in Sweden and in the United Kingdom) or certain types of firm (those with more than ten employees in the Netherlands, more than 14 in the United Kingdom). Access to part-time working is also easier in the public sector (for example, in France, in accordance with the 80-20 principle). Moreover, if part-time working is to be guaranteed to correspond to a genuinely chosen modulation, it is important to see that the return to full-time working is also guaranteed, as is the case in the Netherlands. Finally, the impact of part-time working on professional trajectories is also highly dependent on the broader context in which it occurs. In particular, an individual reduction in the length of working time for the purpose of reconciling work and family life is in many cases a response to a constraint imposed by a shortage of childminding structures. It then tends to be concentrated on women, with unfavourable effects on their careers (and even their social protection entitlements).
- *Sabbaticals and career breaks*: few countries guarantee workers this possibility. In Germany, a worker can request leave, subject to the agreement of the employer. In principle, the leave is not paid, but in cases where the worker has been “saving up” in a working time account, it can be financed through the redistribution of his own time. In the Netherlands also, the request is subject to the agreement of the employer, but can be remunerated (up to a ceiling of EUR 490 a month) on condition that the worker is replaced by a jobseeker. Note that this principle of “job rotation” was very considerably developed in Denmark during the 1990s, on advantageous financial conditions (indemnity equal to 80% of unemployment benefit for the worker taking the leave) and enjoyed very

10. This harks back to the behaviour of firms and employees and to the existence of a “culture” of early retirement, but also to the choices made at an earlier stage in the life cycle, such as the absence of in-career training.

considerable quantitative success (13 000 beneficiaries in 1994). Because of its high cost, this system was tightened (reduced indemnity and requirement that the employer hire a long-term jobseeker) before finally being abandoned at the end of the 1990s. Similar arrangements were introduced in Sweden by 12 municipalities. In France, the principle of financed sabbatical leave exists (for example teachers in higher education).

- *Training leave*: only in Sweden, France and Spain is there a universal entitlement to request training leave. This leave can be accompanied by financing – maintained salary in Spain (but with a very small number of places), remuneration out of specific funds (financed by a contribution from employers) or by utilisation of the working time account since 1994 in France, allowances in Sweden. In the other countries the entitlement to training leave has no universal character but exists in certain regions (Germany), in certain collective agreements (Netherlands) or forms part of employers' policies (United Kingdom).
- *Working time accounts*: this is a particularly interesting instrument from the life-course perspective since, in principle, it permits greater flexibility in the allocation of time, corresponding to the worker's own choices. However, it is not widespread (entitlement to a working time account exists only in Germany, France and the Netherlands) and considerable differences can be seen to exist from the operational standpoint. These concern, in particular, the horizon of the time saving. In Germany, the accounts are in most cases short-term, corresponding in fact to an annualisation of working time rather than falling within a life-course perspective. In the Netherlands, workers can save up to 10% of their salary or their time in order to take leave at a later date, either for training or for leisure purposes. In France, the working time account is provided for by law since 1994, but its implementation has to be the subject of a collective agreement at the level of the branch or the firm. It can be supplemented by up to ten days' leave entitlement a year, by days made available through the agreements on the reduction of working time, or by money (bonuses, premiums, overtime, etc.). It can be used for taking leave, but generally within a limited period (in most cases five years, sometimes ten years) after the opening of the account. It can also be transformed into remuneration. In Denmark, Sweden and Belgium, the working time account is not a universal right, but can be arranged under certain collective agreements. A point of discussion that sometimes arises concerning these working time accounts is whether or not early retirement possibilities can be incorporated in exchange for the time accumulated. In the Netherlands, this possibility was introduced in 2006.

Empirical analysis of the existing levers pertaining to life-course policies leads to two types of conclusion.

It shows the emergence of innovative measures permitting an individualisation of choices regarding working time. These measures have in most cases been developed on the initiative of governments, and through legislation, even though their implementation thereafter is the subject of collective bargaining. The type of regulation varies widely between countries, in liaison with the more general features of employment policies or, more generally, the particular models of capitalism. It is the Nordic countries that have gone furthest in developing measures favouring the adjustment of working time to the life course. A greater possibility of individualisation can be seen in the case of the

Netherlands, while the weakest level of regulation is to be found in the United Kingdom. The continental countries are in an intermediate position.

However, quite apart from the diversity of national situations, the development of life-course policies runs up against substantial limitations:

- The time-horizon of the arrangements is often limited and rarely extends to the whole of working life.
- The transferability of acquired rights (working time account, entitlement to training) is not guaranteed (or inadequately guaranteed) in the event of job mobility.
- The reversibility of choices (for example, of a move to part-time work) is rarely ensured.
- The broader context is inadequately taken into account. For example, the possibilities of reconciling working and family life depend just as much on the possibilities of childminding, including timing and cost, as on the opportunities for modulating working time. Incentives for in-career training after the age of 40 have to be strengthened, since such training is often an essential condition for the employability and maintenance in employment of people aged over 55, whereas training efforts for this age group usually decrease after the age of 55, in parallel with the maintenance of incentives for withdrawal from the labour market.

5. What paths for reform?

The adoption of a life-course perspective constitutes one thrust of a major overhaul of employment policies and also of social protection in the developed countries. Quite apart from the improved allowance for individual preferences, it can enhance the sustainability of social protection and the fluidity of the labour market.

The general proposals for a reform incorporating such a perspective, like those of Supiot (2001) or that of the transitional markets (Schmid, 2006), converge in several respects.

First of all, it is desirable to consolidate laws that genuinely pertain to transitions and life courses, as the present legislation exists only in fragmented form. This consolidated legislation must permit the application of “social drawing rights” giving the individual the possibility to organise his future. Working time accounts constitute a first step along these lines and should be generalised. However, the notion of “social drawing rights” goes beyond individual time saving and inter-temporal allocation of time and involves also the collective financing of certain transitions (for example, training), which turn out to be of a priority nature. Here again, the principle already exists in many countries, but equality of access to this entitlement has to be strengthened.

For these measures to be effective, two crucial and delicate conditions, both of them achievable, need to be met (Gaudu, 2007).

First, the transferability of entitlements has to be ensured, in order to avoid the loss or monetisation of working time accounts at the time of layoff or resignation. A system should be organised making it possible to uncouple time saving (and, more generally, entitlement to special leave and training) from the firm and the work contract.

Second, it is desirable to unify the mechanisms relating to the taking in hand of activity and transitions, from both a financial and an institutional standpoint (“one-stop shopping”), including not only active employment policies and unemployment indemnification, but also training, financing of leave, etc. The existing *Sécurité Sociale Professionnelle* proposals in France are a move in this direction.

The analyses in terms of transitional markets stress the following additional points (Schmid, 2006):

- The need for all workers to be covered, including those on temporary contracts, working part-time, etc., in order to avoid life courses that entrap people in precarity.
- The importance of provisions for the surmounting of critical phases that occur in a life cycle (unemployment, but also family problems, etc.), especially in the form of policies for assisting the return to employment.
- In order to facilitate mobility, individuals’ aversions to risk have to be taken into account, for example, by ensuring the reversibility of a choice within a given period (return to the firm after leave, to full-time work, etc.).

Finally, stress must be laid on the need for public policy to combat inequalities, and in particular the persistent effects of a temporary deviation from the standard working career. Even in the Nordic models, women’s professional life courses are disadvantaged by the reduction in their working time following childbirth (Anxo and Boulin, 2006b).

6. Conclusions

Life-course policies have major implications for OECD countries. Such policies attempt to facilitate the reconciliation of several objectives, in particular a high level of participation in the labour market throughout life, raising the training levels of the workforce, financing social protection systems and, finally, improving the well-being of workers.

Comparative analysis of existing policies brings out two principal conclusions.

First, the different social protection models and employment regimes have widely differing effects in terms of the life course. In general, the Nordic model turns out to be the most favourable in terms of flexibility in the allocation of time throughout a life span, facilitating the reconciliation of working and non-working life. However, it is still marked by certain inequalities in life courses, especially between men and women.

Second, looking beyond the differences between countries, there exists a general tendency towards individualisation of the management of time and to an extension of the period during which it takes place, via arrangements such as working time accounts. This tendency remains highly fragmented, however, and is most often limited to certain firms or certain categories of worker. Life-course policy provisions therefore require to be improved in order to permit the constitution of new workers’ rights.

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Table 6.1. Employment rates by age group in some OECD countries, 2004

	15-24	25-54	54-65
EU 15	40	77.6	42.5
OECD	43	75.7	50.8
Australia	62.4	77.4	52
Austria	51.9	82.6	28.8
Belgium	27.8	77.3	30
Canada	57.8	81.3	54.8
Denmark	62.3	83.7	60.3
Finland	39.4	81	50.9
France	30.4	79.6	37.3
Germany	41.9	78.1	41.8
Greece	26.8	73.5	39.4
Ireland	47.7	78.8	49.5
Italy	27.6	72.2	30.5
Japan	40	78.6	63
Luxembourg	21.4	78.7	30.8
Netherlands	65.9	82.5	45.2
Portugal	37.1	81.1	50.3
Spain	35.2	72.7	41.3
Sweden	39.2	82.9	69.1
United Kingdom	55.4	80.8	56.2
United States	53.9	79	59.9

Source: Labour Force Survey, Eurostat, and OECD (2006).

Table 6.2. Average exit age from the labour force in the European Union, 2003

EU 15	61.3
Austria	58.8
Belgium	58.7
Denmark	62.2
Finland	60.4
France	59.6
Germany	61.6
Greece	62.7
Ireland	62.9
Italy	61
Luxembourg	58.2
Netherlands	60.5
Portugal	62.1
Spain	61.5
Sweden	63.1
United Kingdom	63

Source: Labour Force Survey, Eurostat, and European Commission (2006).

Estimated average age of withdrawal from the labour market, based on a probability model considering the relative changes of activity rates from one year to another.

Table 6.3. Transitions by age group in some European countries, 2000-2001

15-24		EU	DNK	GBR	FRA	GER	ITA	ESP
U=>	N	42%	12%	54%	40%	54%	25%	53%
	I	15%	88%	6%	6%	28%	18%	12%
I=>	N	17%	33%	31%	9%	17%	8%	15%
	U	6%	4%	8%	4%	4%	11%	5%
N=>	U	6%	4%	3%	10%	6%	6%	13%
	I	7%	26%	6%	4%	10%	7%	6%

25-54		EU	DNK	GBR	FRA	GER	ITA	ESP
U=>	N	34%	47%	44%	27%	37%	25%	43%
	I	14%	10%	21%	6%	11%	13%	17%
I=>	N	13%	25%	28%	0%	3%	8%	1%
	U	4%	4%	2%	1%	2%	4%	1%
N=>	U	2%	2%	1%	2%	3%	2%	4%
	I	2%	2%	5%	1%	4%	2%	2%

54-65		EU	DNK	GBR	FRA	GER	ITA	ESP
U=>	N	8%	20%	27%	3%	4%	18%	9%
	I	30%	48%	27%	20%	36%	11%	25%
I=>	N	2%	1%	4%	0%	0%	2%	0%
	U	1%	1%	0%	0%	0%	0%	0%
N=>	U	3%	4%	1%	2%	9%	1%	3%
	I	11%	9%	12%	15%	8%	15%	12%

Observed probability of transition from one status (ILO definition) to another between 2000 and 2001.

I: Inactivity, N: Employment, U: Unemployment.

Source: ECHP, Anxo and Erhel (2006).

Table 6.4. Gender employment gap by age group in some OECD countries, 2004

	15-24	25-54	54-65
EU 15	5.8	18.8	19.4
OECD	8.4	22.1	21
Australia	0.2	17.4	18.9
Austria	9.2	14.2	19.6
Belgium	5.2	17.2	19.1
Canada	-1.1	9.3	16
Denmark	3.9	8.9	14.4
Finland	0.9	4.4	2.7
France	6.9	15.1	8
Germany	2.4	12.9	16.6
Greece	11.1	32.9	33.2
Ireland	6.1	22.2	31.5
Italy	9.1	31.6	24.3
Japan	-1.2	27.1	29.5
Luxembourg	1.4	26.7	18.2
Netherlands	1.1	16.2	24.9
Portugal	8.7	13.5	19.7
Spain	11.3	29.3	35.9
Sweden	-1.7	3.6	4.5
United Kingdom	3.2	13.8	18.5
United States	55.5	86.3	66

Source: Labour Force Survey, Eurostat; OECD (2006)

Table 6.5. Transitions by age group for women, 2000-2001

15-24		EU	DNK	GBR	FRA	GER	ITA	ESP
U=>	N	42%	25%	69%	34%	51%	25%	54%
	I	18%	75%	5%	10%	45%	20%	15%
I=>	N	16%	32%	29%	9%	16%	6%	15%
	U	5%	5%	7%	3%	4%	4%	4%
N=>	U	7%	6%	3%	14%	5%	9%	15%
	I	8%	41%	10%	3%	6%	7%	7%

25-54		EU	DNK	GBR	FRA	GER	ITA	ESP
U=>	N	30%	55%	43%	25%	36%	20%	36%
	I	20%	14%	38%	8%	17%	23%	24%
I=>	N	12%	15%	24%	0%	4%	1%	1%
	U	4%	3%	2%	1%	1%	0%	1%
N=>	U	3%	3%	1%	2%	4%	2%	5%
	I	4%	3%	8%	2%	6%	3%	5%

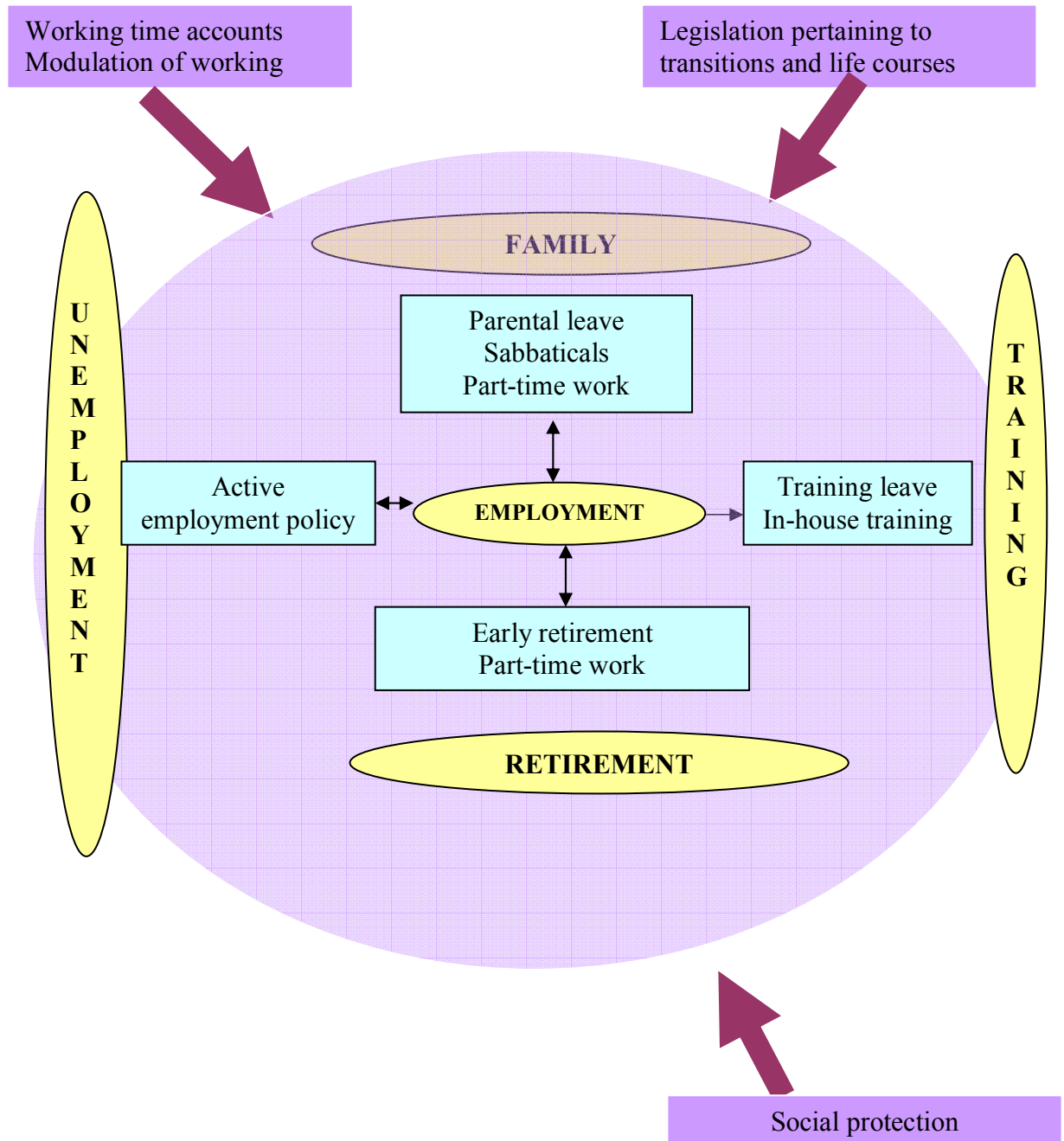
54-65		EU	DNK	GBR	FRA	GER	ITA	ESP
U=>	N	6%	0%	26%	5%	2%	0%	11%
	I	29%	64%	55%	10%	34%	23%	22%
I=>	N	2%	1%	2%	0%	0%	0%	0%
	U	1%	1%	1%	0%	0%	0%	0%
N=>	U	4%	0%	0%	3%	12%	1%	1%
	I	13%	5%	18%	16%	8%	19%	20%

Observed probability of transition from one status (ILO definition) to another between 2000 and 2001

I: Inactivity, N: Employment, U: Unemployment.

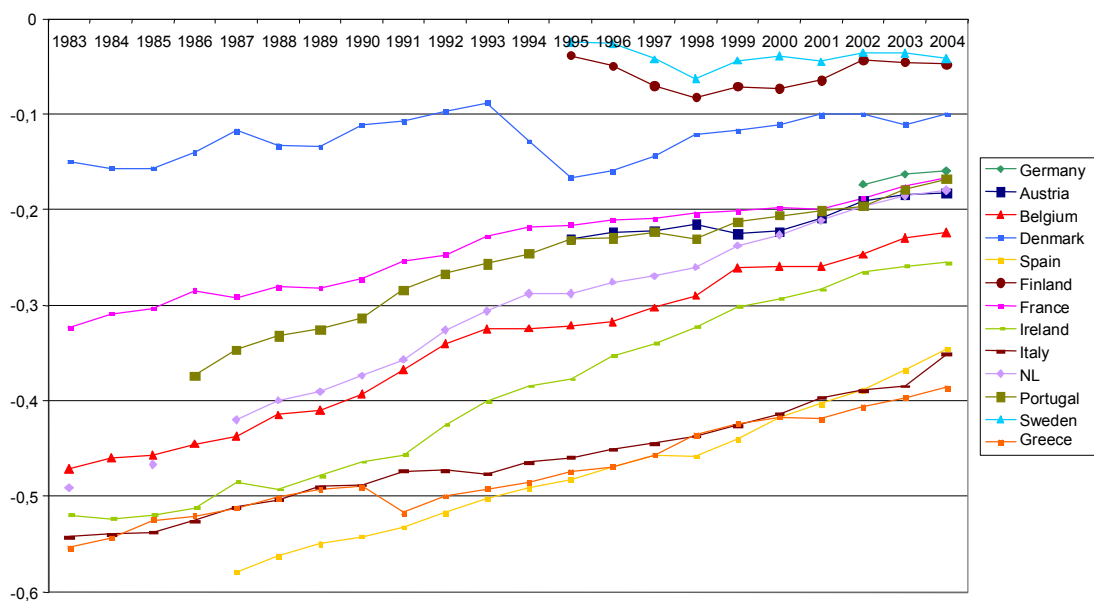
Source: ECHP, Anxo and Erhel (2006).

Figure 6.1. Life-course policies and transitions on the labour market



How to read the figure: elements in the circle signify policies targeted on a transition; elements in boxes outside the circle signify general policies pertaining to the whole life course.

Figure 6.2. Employment rate by gender



Source: Labour Force Survey, Eurostat.

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