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BUSINESS CYCLE AND LIFE CYCLE — CONFLICTING OR COMPLEMENTARY? TOWARDS A LIFE COURSE POLICY INTEGRATING DIFFERENT INTERESTS AND ACTORS

1. **Introduction**

The life course perspective — often neglected in labour market and social policy research —, is now very much present in European labour market policy, though sometimes implicitly. The grown interest in education and training within the concepts of "lifelong learning" and of an "investive social policy" are indicators of this perspective. The goals of the Lisbon strategy to increase the labour market participation of older workers and the actual retirement age (Barcelona and Stockholm targets, see [Commission of the European Communities, 2003]) have also increased the need to focus on work biographies, on the long term employability of workers and on sustainability in the working world. Accordingly the European Directives for the national action plans explicitly state: "this requires developing comprehensive national strategies based on a life course approach" [Council of the European Union, 2003, paragraph 15].

While a general framework for the life course perspective can be set on the national level (e.g. by adjusting legal arrangements), other actors also play a decisive role when it comes to the implementation of the life course perspective: the social partners can add on the legal framework by regulations in collective agreements, and it is in particular the company that determines issues that are decisive for the life-course perspective of workers, such as working-time arrangements and training options. Working-time arrangements are essential to workers in balancing their work and private activities and responsibilities. They are also crucial for companies in the management of market demands and production capacity.

The paper sets out with some theoretical considerations regarding the different needs and strategies of companies and of individuals referring to the long term (business cycle/life cycle) perspective. The leading question is whether and how the interests from the labour demand side and the labour supply side can be reconciled, and under what conditions the life-course or long-term orientation can become a win-win scenario from which both employer and employees profit. As it will become clear, a coherent life course policy requires the collaboration of different actors, including social partners and the state. The paper therefore also deals with two examples of nationally designed life course policies, the Belgium time credit system and the Dutch life course arrangement, and investigates their potential for the German debate.

2. Flexible working time arrangements: some theoretical considerations

When we approach working-time arrangements and companies' measures in Human Resource Management from a life-course perspective we have to acknowledge that there is obviously a need for coordination on different levels:

This contribution is based on an earlier paper which the author has written together with Ton Wilthagen, University of Tilburg, the Netherlands (under collaboration of Heejung Chung and Anke Thiel) within the research project "Flexibility and Security over the life course" on behalf of the European Foundation for the Improvement of Working and Living Conditions, Dublin (2005—2006). The author wants to thank the collaborators of the earlier version for their intellectual input and the European Foundation for the funding of the project. The opinion expressed in the paper, as well as possible mistakes, remain within the responsibility of the author.

- From the individual workers perspective, his or her different activities in a certain life phase have to be reconciled in particular paid work has to be combined with other social activities at a given moment. This can be called a first level of synchronization. The workers' wishes and potentials can differ according to his/her sex, age, education, family context, interests etc.
- At the same time a life-course policy has to deal with the diachronization and the follow-up of different life-phases throughout the life-course of individuals, since the individual worker's situation is not stable, but can change over the life-course.
- Last but not least the life-course perspective requires the coordination between companies' business cycles and their employees' life-cycles. Business cycles have become shorter and less predictable. They are not necessarily congruent with the workers time horizons. Companies have to adjust to fluctuations in market demands and with the overall need to warrant and enhance competitiveness. Here a second arena of synchronization — business needs versus individual needs — can be identified. Evidently, working-time arrangements are key to the synchronization of business and personal needs and requirements. One may go one step further by saying that the future of the employment relationship lies in the possibility of joint or mutual risk management. Employers can manage their own (business) risks by helping workers to manage their particular risks; equally so workers can manage their own (private) risks by contributing to the employer's risk management.

The following section investigates the question how life-course policies that take into account these different requirements for coordination can be designed, looking at the perspective of companies and employees, but also at the complex interplay between state law, collective labour agreements, company agreements and HRM policies.

Figure 1 sketches the process of the "synchronization of synchronization".

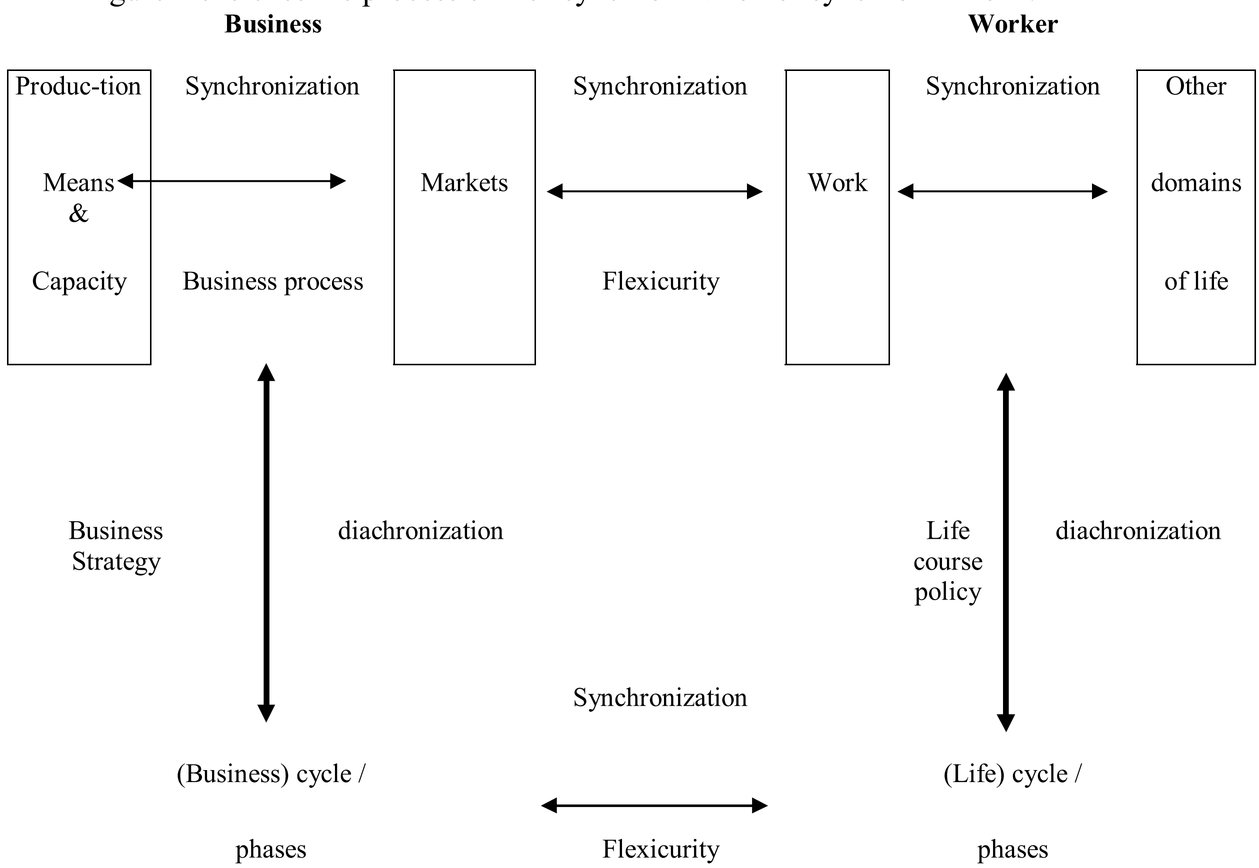

Fig. 1. Flexicurity and the synchronization of business cycle and life cycle

Source: Own illustration building on Wilthagen (2003).

Flexibility, security and the longitudinal perspective: Interests and strategies of the employees

What can we assume about the employees' interests over the life-course as far as working times are concerned? As it has been described in earlier research (e.g. [European Foundation 2003]), life courses have changed. The standard three-fold division into the phases a) childhood and education, b) participation in the labour market, c) retirement phase has developed into much more diverse patterns. The timing of the phases mentioned and of the transitions are less clear. In addition they are often no longer sequential phases, but can occur simultaneously — e.g. when paid work is combined with training, or when somebody keeps on working in retirement age. Due to prolonged education and later entry in the labour market we can speak of an intensified "rush hour of life" through the concurrence of family-formation and starting work. At the same time this "rush hour of life" does only affect parts of the younger cohorts due to a considerable decrease in fertility and childlessness in almost all Western industrialised countries. The need to care for elderly, at the other hand, increases due to the aging of the population in Western European societies, and a growing number of people in working age have to take over responsibilities in the field of eldercare. This leads to individually shifting time needs over the life-course.

What is often neglected in research on working time is the impact of the household context as well as the impact of changing gender roles. The labour supply and working time preferences, particularly those of women, depend to a high degree on the (changing) household context. As numerous sociological studies have pointed out, there is a clear trend towards an "adult worker model" in Western European welfare states (see e.g. the contributions in [*Leitner*, *Ostner*, *Schratzenstaller*, 2004]). This means that adults of both sexes are increasingly expected to earn their own money on the labour market. With the increasing share of dual earner families, however, new time arrangements and new options to plan one's time are needed to cover care work and to achieve work-life balance. These needs for individual solutions are additionally enforced by the growing responsibility workers have for keeping up their own employability.

In general, — due to the developments sketched above — it can be assumed that a) different employees have different time needs and working time preferences according to their personal situation at a given point in time, but also that b) in many cases the working time wishes are not stable over one's working life but might change according to peoples changing private context, age, financial means and individual preferences.

Actually the individual's life-cycle consists of several life-cycles that have to be co-ordinated. We can e.g. differentiate between the biological life-cycle, the family life-cycle, the professional life-cycle, the employee's life-cycle in a specific company and even in a specific job [*Sattelberger*, 1995; *Mayrhofer*, 1992]. As Graf (2001, 2002) points out, all these different "life-cycles" are currently affected by changes (see table 1).

Table 1

Changes in the individual's different "life-cycles"

Life-cycle	**Dominant changes**
Biological life-cycle	— growing life-expectancy — changing health risks and health chances
Family life-cycle	— changes in marriage and divorce behaviour — decreasing fertility — changing family and household forms
Professional life-cycle	— changing values concerning paid work — "compression" of working life (due to longer education and earlier retirement) — new forms of work — increase of transitions, discontinuous work biographies — increasing importance of lifelong learning
Life-cycle in the company	— flattening of hierarchies in the company — changes in the career orientation — shift towards more responsibility for the employee ("entreployee") — changing age structures, aging of the workforce
Life-cycle in the job	— changes in the working conditions — changes in the required qualifications
Source: Inspired by Graf (2001, S. 26), own adaption and translation	

The different "life-cycles" of a person are interwoven [*Ernst*, 1997, S. 227], but their weight can be different in different phases of life. Problems frequently occur when transitions have to be mastered [*Mayrhofer*, 1992, S. 1240; *Sattelberger*, 1995, S. 28]. When the different spheres cannot be matched and the burden becomes too big, people often tend to reduce their engagement in one of the affected areas of life, or they opt for radical changes [*Graf*, 2001, S. 26]. This can become a problem for companies and therefore requires a long-term approach in human resource management.

Flexibility, security and the longitudinal perspective: Interests and strategies of the companies

Companies' time horizon is much less clear than the one of employees, and the developments concerning the long-term perspective of companies have to be discussed in a differentiated way. On the one hand, there is a clear tendency towards a more short-term orientation, since production circles have become shorter, and companies often have to adjust ever more quickly to changing markets (see [European Foundation, 2006, ch. 7]). This often directly touches upon the flexible workforce at the "rim" of the company. On the other hand ever more sophisticated products are based on a high and specialised knowledge of the staff, which requires a long-term HRM focusing on the qualifying and the keeping of employees. Career management and retention management — necessarily focusing on longer periods — become increasingly important to safeguard the economic success of many companies[1]. Within the context of demographic change and shrinking workforces, giving employees long-term security and perspectives for development in the company can increase their satisfaction at the workplace and can reduce costs resulting from sickness and absenteeism as well as job changes. These long-term and short-term strategies in companies HRM are closely related to the overall strategies of the company in a context of increased international competition.

Although the analysis has shown that companies' strategies of flexibilisation affect different groups of the workforce in different ways and to a different extent (e.g. [*Klammer*, *Tillmann*, 2002]), there is evidence that the trend towards higher flexibility requirements does not only affect the "flexible rim" of the workforce. The core workforce is also increasingly involved in companies' flexibility strategies, but not in the same manner. Actually it depends on the kind of adjustment strategy the company focuses on — e.g. cost reduction strategies, new organisational models for the production process or innovation strategies — who is involved and how people are involved.

Companies' adjustment to new requirements: Three different routes towards flexibility in Human Resource Management

Diewald, Brose, Goedicke (2005, S. 227—231) identify three main routes in HRM towards flexibility strategies, so called "commercialisation", "negotiated stability" and "mutualisation" that are often applied simultaneously, but with respect to different groups of workers (see table 2).

Each of these three concepts in HRM is dominated by a specific type of exchange relationship (the market, power or confidence), but what they have in common is that all three concepts are undergoing changes in the process of companies' adjustment to new flexibility needs, and new strategies and developments can be identified.

[1] Actually this trend — which is opposite to the broadly discussed trend towards flexibilisation — seems to contribute to a relatively high stability in job tenure in some countries. As Erlinghagen (2004) has shown for Germany, for example, the labour turnover rate has not changed very much in recent years, opposite to the general perception and discussion.

Table 2

Different roads to flexibility in companies' Human Resource Management

Type	Commercialisation	Negotiated stability	Mutualisation
Exchange relationship	Market	Power	Confidence
Type of contract	Contract of sale	Labour contract	Pact
Steering instrument	Competition	Control	Conviction
Traditional elements	"Rim" workforce	Core workforce	Company community
Traditional requirements concerning the worker's behaviour	Indifference / restriction	Long-term affiliation between worker and company, complementarity	Affinity
New elements	Externalisation , sham self-employment	Mobilisation of the employees, more request for (internal) flexibility	Teamwork, joint efforts and achievements
New requirements concerning the worker's behaviour	Economisation of own abilities, "entreployee"	Flexibility and availability according to changing demands	Self-selection and -organisation, adaptation
Source: Table inspired by Diewald, Brose, Goedicke (2005, S. 228); own additions and translation.			

Negotiated stability is a strategy that can primarily be found in fields where standard work contracts used to be the norm — standardised permanent full-time (or part-time) jobs. While the conditions for these jobs used to be regulated by law and collective agreements, they are now increasingly negotiated on the level of the company [*Franzpötter*, *Renz*, 2002]. Flexibility concerning the location of work and working times are negotiated in exchange for employment or income guarantees [*Massa-Wirth*, *Seifert*, 2004]. "Pacts for employment" on the level of the company characterise a new exchange relationship between employers' needs for flexibility and employees' wishes for security [European Foundation, 1999]. They are focusing on internal flexibility, giving employees some security in exchange for concessions that might also touch upon their time planning. The time horizon of the pact is usually restricted to something between some months and several years.

While negotiated stability (and flexibility) usually concerns the core workforce of a company, strategies of commercialisation are common to organize the workforce at the rim of the company. Within the process of organising flexibility, however, the borderline between the core workforce and the flexible rim itself has shifted — often towards an extension of the flexible rim. Employees who had been part of the core work force are increasingly — partly voluntarily, partly involuntarily — involved in new arrangements in which working conditions and remuneration are bound to the success of one's work. Working time becomes a variable subordinated to the fulfilling of goals and contracts. In organising his own work in order to fulfil the requirements, the worker partly takes over typical risks of the employer. In the sociological debate, the term "entreployee" ("Arbeitskraftunternehmer") has been framed to describe this type of employment relationship [*Voß*, *Pongratz*, 1998]. Work relationships that are based on the outcome (instead of the number of working hours) can contain a potential for a worker's work-life balance since he is able (and obliged) to organise his own working time. The literature, however, more frequently points at the risk of self-exploitation, in particular in connection with increased competition and decreased remuneration. It also has to be taken into account that the strategy of commercialisation comprises ways of external flexibilisation. People working for a company are only bound loosely to the firm, the degree of mutual obligations is low. This can imply a high rate of fluctuation. In general one can assume that this makes lifecourse planning for workers more difficult. But at the same time there can be chances for a higher income, and the increase of autonomy (compared to a standard dependent employment relationship) can be attractive for workers in specific lifephases and household constellations. Looking at the time dimension, the exchange relationship between the contractors are in general more short-term oriented than in the case of negotiated stability; the long-term or even life-course perspective plays no explicit role here.

The approach that can be identified as the third major strategy — described as mutualisation in Diewald, Brose, Goedicke (2005) — also contains aspects of negotiated stability as well as commercialisation, but is characterised by an increased reciprocity in the labour relation between employer and employee (instead of its weakening). It is used selectively by HRM and can particularly be found where high qualifications and a high performance are required. In exchange for high salaries and prospects for individual development in the firm, companies today expect an increased commitment to the firm from their key players, as well as a high level of identification. This concerns the amount and flexible use of time the employee is expected to dedicate to his work, but also the place of work, the content etc. The borders between work and private life cannot be kept up, work dominates the other spheres. Concerning these important key players, companies' time horizon is often long term and retention management is used to keep these employees in the company. Although this can give employees some kind of long term security (e.g. as far as income is concerned), it is often at the cost of short term flexibility and these employment relationships only leave restricted room for time needs beyond paid work.

Managing the "employee lifecycle"

Given the context sketched above: Can we expect companies at all to be concerned about their employees' life courses? If one looks at the HRM literature, the "employee lifecycle" is a well-known concept (e.g. [*Graf*, 2001, 2002]). But this is not congruent with the "real" lifecycle of the employee. Whereas the employee has to organise and to manage the whole (working) life-course from education to retirement (and in addition increasingly has to plan the financing of the retirement phase itself), the "employee lifecycle" in the enterprise describes the development of a person from the entrance into the company until his/her exit from the company (see fig. 2). Although employees' career development differ in extent and timing, the most common pattern is characterised by a sequence of an introductory period, a growth period, a phase of maturity with career plateau and (not always) a phase of saturation with downward movement before the employee's voluntary or involuntary exit from the company.

A similar picture can be assumed when one looks at the employee life-cycle in a specific job, which needs not be identical with his or life-cycle in the company. In this case the challenge is to arrange the employees' movement to another job in the company before saturation leads to a decrease of performance.

In connection with the career development of the employee the return on investment for the company changes as a function of time. It is assumed — in a simplified model — that the benefit of an employee for the company increases sharply in the first phase after the recruitment, then stays on a high level before it might go down (e.g. when the employee does not engage in further training). This is the point when it is rational for the company to replace the worker, if the legal regulations (e.g. EPL) or other regulations don't prevent it — long before the actual retirement age and the end of the worker's real life-course. According to this idea of the "employee lifecycle" we can assume that the company will be interested in optimizing the development of the employee during this restricted period or "life cycle" [*Gerpot*, 1999, S. 115].

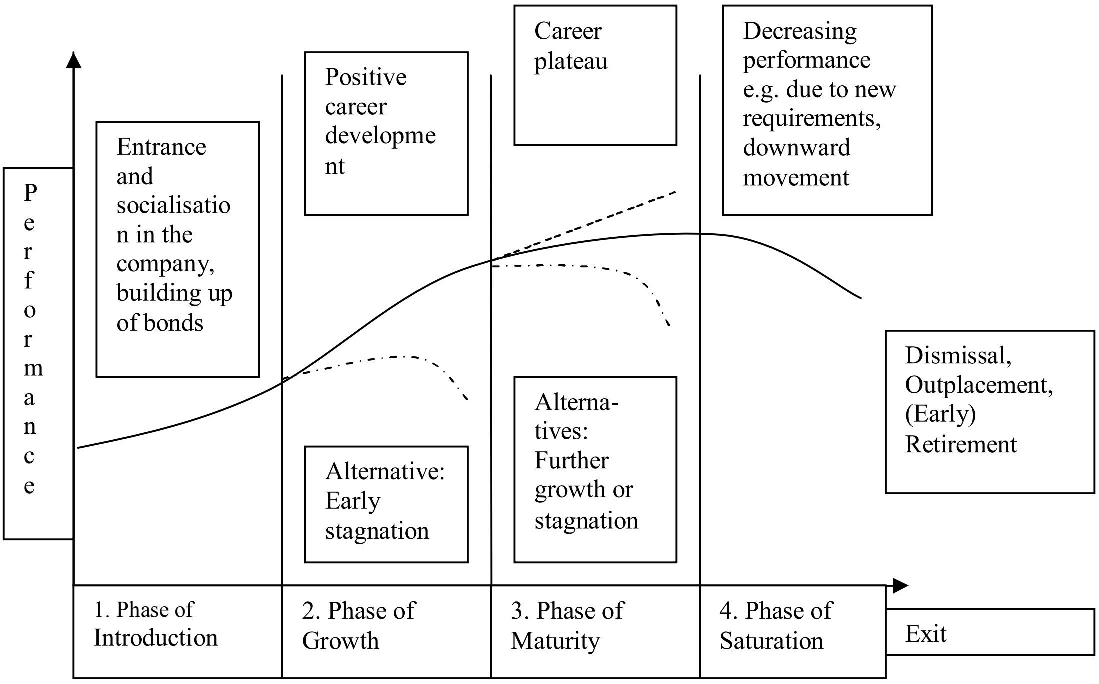

Fig. 2. Phases of the employee life-cycle in the company

Source: Own illustration inspired by Graf (2001, S. 27).

Bringing the perspectives together

As it has become obvious, flexibility needs of employers and employees can be in conflict with each other, but they can also overlap (see also: [*Graf*, 2001, 2002; *Ernst*, 1997; *Gross*, 1993; *Sattelberger*, 1995]). Human resource management aims at the building up, keeping (qualifying, motivation) and reduction of staff in order to optimize the profit of the company over time. Adjusting the staff by dismissals (external flexibilisation) usually interferes with employees' wishes for long term planning and security. Flexible working time schemes seem more suited to help the company to adapt to changing circumstances and to meet the interests of the employees at the same time:

— Flexible working times can be a means to adjust the production to differing order positions and capacity utilisation.

— Lifetime working time accounts that allow employees to retire earlier can help companies to reduce their staff in a socially accepted way, and to avoid costs in the context of EPL.

— In addition early retirement through long term accounts is used by companies to keep their staff "young" and to hire new employees according to new qualification requirements[2].

Generally speaking, flexicurity options can be regarded as *adapting exchange relationships between employer and employees*, and we can speak of good practices where this adaptation leads to a synchronizing of the employers' and the employees' interests (see above). Human resource management cannot only look at the companies' interests when defining the conditions for a work contract. Voluntarily or involuntarily, the extent and structure of the available workforce and the working time preferences of the (potential) employees have to be taken into account. At the same time the employee's labour supply is influenced and restricted by his or her personal options and preferences (e.g. for flexibility and security), but also by his family situation and other aspects of his life. Diewald, Brose, Goedicke (2004) therefore suggest to regard the relation between the

[2] In Germany, companies show a growing interest in these options due to the upcoming cancellation of the present partial retirement scheme ("Altersteilzeit") as well as the planned increase of the legal retirement age from 65 to 67.

company and the worker on the one hand and of the worker and his family on the other hand as two exchange relationships that have to be adjusted.

Finally it also has to be acknowledged that the changing needs and preferences of employees, the so called individualisation, have made it more difficult for companies to forecast the development of a young employee at the point of recruitment. Since neither male nor female employees follow the traditional pathways to the same extent as they used to do, companies have to bear higher risks when investing in their staff. The hopeful young manager might change his interests and working time preferences quickly because of marriage, divorce or the individual preference for a sabbatical. This touches upon companies' long-term need for security and planning.

This considerations lead to the hypothesis, that companies working time policies and other HRM measures contain some potential to match employers' and employees' need — also if one employs a long term or life-course perspective. However it can not be expected that companies completely cover their employees' life course needs. We can therefore assume that other levels of regulation — e.g. laws or collective agreements — still have to add on if a successful life-course approach is to be implemented.

3. Towards an integrated life course policy: A closer look at Belgium and the Netherlands[3]

Whereas in most countries we only find regulations for certain life phases and the regulations are not really interwoven, some countries go further and have started to develop real life-course approaches that can provide a reliable background for working time arrangements in the company. The following sections deal with the most developed approaches, the Belgian career break and time credit system and the Dutch life course regulation.

The Belgian career break and time credit system[4]

In 1985 Belgium introduced a system of career breaks as a labor market instrument to contend with the increasingly alarming level of unemployment. It allows individuals to temporarily exit the labor market while still retaining their binding labor contract with their employer. The resulting temporary job vacancy was then obligatorily filled with an unemployed worker receiving unemployment insurance. In this way, it was intended as a self-financing employment system, designed to establish a better distribution of labor. The instrument thus had two goals: while protecting groups that may otherwise be obliged to exit from the labor market by providing an instrument to temporarily withdraw with a guaranteed return, it created a port of entry into an otherwise seemingly impermeable labor market for vulnerable groups. The system was innovative because previously individuals wishing to take any kind of extended leave from work were obliged to quit their jobs whether for health reasons, for caring tasks or for educational training. Throughout the years, several amendments to this policy have been made, including additional thematic leaves, gradually shifting the focus from an employment policy measure (the requirement of hiring an unemployed person for the temporary vacancy has been dropped) to more of a life course labor policy package.

In the Belgian career break system the worker receives no salary during the period of leave-taking and he does not accrue vacation time, but he does continue to build up his pension claims. Although the government provides subsidies for the workers taking leave, it is a small, lump sum of a few hundred Euros per month, with some minor adjustments for full-time/part-time, lone parents, and lower income groups. It does not compensate for the missed earnings, nor is it intended to do so. What it does create is a buffer of security for the employee, to temporarily exit from the labor market knowing that his or her place will be there upon return.

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[3] This section about the Belgian and the Dutch lifecourse schemes mainly relies on information provided by Ton Wilthagen, if not otherwise stated.

[4] The description is based on Roman, Heylen, Schippers (2006).

The Belgian career break system is flexible in many ways. The exit or hours reduction is not restricted by the reason why somebody wants to take leave. The individual is completely free as far as his motive for the exit is concerned, and he is not obliged to even name a motive for the desire to take a career break. The employer, on the other hand, is required to permit the career break as long as the maximum level of staff on leave is not exceeded. If work continuity without the employee is not possible, the employer is obligated to substantiate the denial. The current maximum period of time for the (time credit) break is one year although extensions are possible through many of the collective labour agreements.

In the second half of the nineties, a new amendment introduced three thematic leaves: parental, medical and palliative care[5]. Thematic leaves have priority over regular career breaks and are not subtracted from the amount of time allowed for regular career breaks. Thus, thematic leaves are *in addition to* career breaks. Individuals taking a thematic break are also entitled to a higher compensation than individuals taking regular career breaks.

There are some logistic restrictions however. First of all, so as not to overburden the organization, there are limits to the percentage of workers within a single organization that can concurrently make use of leave taking and this maximum is currently limited to 5 % of an organization's personnel. The employer may go above and beyond this percentage, but is not required to do so. This may lead to some complications. In a sector where there is a high percentage of working women, such as in the healthcare sector, for example, one can imagine that it might be an organizational problem to accommodate all the staff taking maternity leave on top of the additional time credit leave. Leave-taking is not necessarily full-time. It can also be a reduction of working hours by one-fourth, one-third or one-half.

It is important to realise that the career break system is an initiative of the Belgian federal government, as the responsibility for labour market policy is primarily at the federal level.

In 1994, the government of Flanders introduced an additional instrument to encourage the use of career breaks in the form of a financial premium: the "Vlaamse Aanmoedingspremie voor Loopbaanonderbreking" (VAL). This is a bonus premium that under certain conditions is paid to employees in Flanders who make use of the career break system and is paid out as a gross sum directly to the employee. The reason for the introduction of the additional subsidy for Flemish workers was to make the career break system more accessible to lower income groups and lone parents. It is intended to better compensate the loss of income during the career break, as critics of the system state that career breaks are a luxury affordable only to those households capable of enduring the reduction in earnings. In an evaluation of the VAL by Devisscher and colleagues from 2005 they found no evidence that respondents were motivated by the premium to use the part-time career break. Their conclusion is that the group using the part-time career break has a higher than average income. In their model they used both household income and net wage loss as indicators. This is at least an indication that the VAL is not succeeding in reaching its target groups, the lower income groups.

Another important original intention for career break use is that of lifelong learning. The first reports on career break use for this purpose have been disappointing. A possible explanation is the existence of the employee voucher system, launched in Flanders to stimulate life long learning. Individual employees receive a 50 % subsidy for occupational training or career counseling by a recognized provider[6]. This system is already so successful that it is not unlikely that employees are more ready to use it for training rather than a career break.

The Belgian career break system has proven itself to be a dynamic system, capable of change to more adequately meet the needs of the Belgian worker while allowing the kind of flexibility necessary for a successful implementation by Belgian employers. The career break system and the more recent time credit system are designed to increase labor participation among women and older workers and to facilitate lifelong learning.

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[5] Palliative leave is restricted to terminal care for one month, which can be extended by one month per patient.

[6] OECD Peer review — Developing highly-skilled workers (19/04/2004).

Lifecourse policy in the Netherlands

The Netherlands are the first country to have introduced a national legal arrangement under the heading of a 'life course arrangement' (levensloopregeling), in force as of January 2006. This new arrangement does not include new entitlements to leave, career breaks et cetera, but offers a legal right and a fiscally supported saving scheme, with the aim of facilitating in a financial way periods of leave or non-participation.

The term ′life course policy′ was only recently introduced in the Dutch political debate, just on the verge of the new millennium, and may be considered the successor of work-family or work-care policies stimulating notably women's labour market participation. The largest part of these policies and rights were either introduced or extended in the 1990s. In this era the main legal framework for the introduction of these primarily ′time arrangements′ consisted of the reform of the Working Hours Act (1995), the introduction of the Working Time Adjustment Act (2000) that introduced a (conditional) right for workers to work fewer or more hours, and the Act on Work and Care (2001). The latter can be considered a 'framework act' that mainly pulled together the leave facilities for pregnancy, parenthood, calamities and education that were already in place. In the field of education there are few state-designed measures other than some fiscal measures or financial support, aiming at the creation and the improvement of training or retraining facilities. Here the social partners are the main actors, with the exception of the so-called initial or basic education, which is still largely the responsibility of the government.

In 2001 the Dutch government introduced the so-called Leave savings scheme that allowed for the individual (i.e. time) and collective (money, i. e. fiscally stimulated, up to 10 % of the wages) saving of leave in view of optimalizing the balance between work and care, reducing pressure at work and preventing an 'over-organized life'. A maximum of one year leave could be acquired that way. However, because only a few employers offered the collective facilities the saving scheme was not transferable across companies and very low numbers of employees opted for the scheme. A next proposal was labelled the Basic Life-course Arrangement which included a leave account, i. e. a saving account, and a 30 % bonus on top of the saved money when leave was actually being taken up. But this proposal was withdrawn, among other things because the bonus was seen as too generous, and a new proposal was made to facilitate people in financing unpaid leave. Now the position was taken that the arrangement (i. e. the possibility of saving money) should be a legal entitlement in stead of depending on the cooperation of the employer. The arrangement, which allowed for the saving of a maximum of 12 % of one's wages and a maximum of one year and a half of leave, was presented as a new option next to the already existing general arrangement for saving a certain amount of one's wages. In Dutch the latter scheme is called "spaarloon", a fiscal measure, much more popular among employees, where savings can already be withdrawn after four years and stand at the disposal of the employee irrespective of the purpose of spending[7].

Soon the discussion on this new proposal became linked to the politically very sensitive issue of reforming the pre-retirement schemes. Besides, at that time the Dutch economy was experiencing a significant and surprisingly lengthy downturn and the government called upon the social partners for a wage freeze. After heated debates and even a mass demonstration, a sign of protest rarely seen in this country over the past decade, the government and the social partners reached a new social agreement. A more extended version of the Life Course Arrangement served as one of the bargaining chips in this new deal and was included in a new law called The Act on the Adjustment of Fiscal Dealings with Pre-retirement Schemes and the Introduction of a Life Course Arrangement (in short VPL Act). As mentioned above, the new Life Course Arrangement came into force in January 2006. It contains the following key provisions:

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[7] In payroll savings schemes (in Dutch 'spaarloon'), the employer withholds an agreed amount of the employee's gross pay and deposits this in a savings account blocked for at least four years. When the sum is paid out it is not liable to pay payroll tax on the exempted amount. There are some ways to unblock the savings before those four years, like paying for a mortgage, costs for study or if you start a business.

— Employees may save a maximum of 12 % of yearly (gross) income to a maximum of 210 % of the yearly (gross) income, in order to finance periods of unpaid leave, e.g. care leave, sabbatical, terminal care, parental leave, training leave or to retire earlier from the labour market. After the take up, the account can be refilled up to the 210 %. Employees are being covered by the social insurances up to a period of 18 months (a maximum of 3 years leave could be saved for, if the employees decide that 70 % of his or her wage suffices, but after 18 months the social insurance coverage expires; an employee that insists on 100 % of his or her wage will be able to reach a maximum leave period of 2.1 years).

— Money can be put in an life course saving account or used as premium for life course insurance (at private insurance company, pension fund et cetera). In agreement with employers time saved, such as overtime, can also be valuated and put in account.

It has already been pointed out that no new rights to leave are being introduced in addition to the existing rights. Collective bargaining parties are expected to incorporate and facilitate the Life Course Arrangements in their agreements. All employees were obliged to opt for either the new arrangement or the existing Wage saving system, (Spaarloon). Before the introduction of the new arrangement sceptism and criticism could already be heard. Although the general idea of a life course arrangement was supported, the current version was seen as too limited in scope and inaccessible, notably for the less well-paid employees, who could never save these kinds of amounts. In the first half of 2006 it became clear that most employees wished to stick to the Spaarloon arrangement and less than 3 out of 10 opted for the Life Course Arrangement.

At present many commentators, including university professors and the Social and Economic Council, are advocating a revised Life Course Scheme, proposing to integrate the current scheme and the Spaarloon arrangement. It is also proposed to widen the scope and application of the scheme, e.g. more leeway for education and training, and more possibilities of using the money saved in case of work-to-work transitions. The trade unions, that are not against the arrangements as such, have expressed their concern that the reforms may lead to a fully individualized, privatized and fiscally based social security system. Another issue is the question of unconditional rights. One of the reasons why the Belgium career break and time credit system was seen as more successful than the Dutch provisions for career breaks was the unconditional and rather administrative right that Belgian workers have in taking up career breaks and time credit. No previous permission from the employer is required. This criticism does not apply to the new Dutch Life Course Arrangement, however.

4. Regulating time options and life course policy on different levels: some considerations and conclusions

Lifetime working time accounts: the ideal instrument to establish a life-course perspective at the company level?

If we look at the second level of synchronization mentioned in section 2 — the adjustment of the company's and the employee's needs — this is in Europe, if addressed at all, the domain of companies' HRM policies and social partners sector policies rather than the domain of law and state regulation. A review of European policies by Arrowsmith, Sisson (2001) shows that working-time policies designed to better meet the need for time sovereignty of employees are relatively scarce. The authors point at good practice in the Swedish municipal and healthcare sectors. Sweden is also the country where "Time Care" has originated, a software tool that enables self-rostering by employees, first introduced for hospital workers and increasingly becoming widespread in aviation, consumer electronics and apparel industries in Sweden and other European countries. The concept of self-rostering aims at balancing the needs of the organisation and those of the employees. Other initiatives have followed, such as the introduction of the Working-time Evaluator (http://www.workingtimeevaluator.com), a Dutch software tool that allows companies to match working-time needs and preferences. However, it seems to be the instrument of working time accounts and in particular life-time working time accounts that fit particularly well to the life-course perspective. WTA can enable both firms and workers to build a 'stock' of overtime hours, 'created' during peak hours. During slow periods, workers can stay employed and continue to receive pay by 'drawing' from the accounts. Time (or money) saved on WTAs can also serve to cover shorter or longer periods in which time needs beyond paid work occur. Crucial for working time accounts is the legal room to consolidate, average and allocate hours over a relatively long period. WTAs that create options for the location and distribution of working time can be used in various ways to meet time needs of employees. It has to be acknowledged, however, that employees can only use flexible working times to suit their requirements if they enjoy access rights to their saved-up working time credits. The existence of a flexible working time model per se tells us nothing about whether it helps to meet the employee's interests and needs or not. The specific provisions relating to these working time accounts and the 'time sovereignty' are the decisive factors. Empirical research on the access rights to working time accounts in Germany has come to the result that white collar employees can use their WTA much more often according to their personal needs than blue collar workers. Whereas 72 % / 60 % of all highly qualified male/female employees with WTA were able to (co-)decide on the amount and distribution of their working time, only 19 % / 12 % of the low qualified blue collar workers with WTA could do so. Among the latter group, 46 % / 36 % of the WTA were primarily run according to the companies' needs [*Bauer et al.*, 2004, S. 125; *Klenner*, 2005, S. 222].

Will long term working time accounts be a crucial instrument within future working time schemes offered by companies, and can they be a cornerstone for a new life course orientation? Some aspects lead to a rather sceptical assessment here.

— Long term WTA are not a solution to the upcoming shortage in qualified personnel. On the contrary, when specialists work more today to retire earlier (thanks to their time credits), this will even increase the labour shortage in the long term. This way the business cycle is not accommodated by the facilitation of the life cycle

— When long term WTA are concentrated on an earlier labour market exit (as it is now), this will reduce the incentives to invest in older workers and their training.

— In times of labour shortage there might be problems to take time out of one's WTA for other reasons, as a sabbatical. As the experience shows, working time credits are sometimes cancelled and cannot really be used up by the employee. Here the paradox seems to be that a long-term perspective, as embedded in a WTA and in life course policies in general, may produce counter-effects if in practice it appears difficult to reap the fruits of the savings made.

— Problems can also arise when savings suffer from inflation, e.g. when neither the legal framework nor collective or company agreements guarantee the value of the savings in real terms over time.

Lehndorff (2005) illustrates how different the actual use of WTA can be from a life-course perspective. In a recent analysis based on company case studies [*Haipeter*, *Lehndorff*, 2004], the reality of long term working time accounts turned out to be connected with additional work stress in some companies whereas WTA increased workers' time sovereignty and working conditions in other companies. In the negative cases, the situation was dominated by overboarding WTAs and employees often were not able to take the time they had saved out of their WTA due to an increasing shortage of staff that actually limited their room for manoevre. Reductions in personnel can therefore be decisive for the actual flexibility (or missing flexibility) offered by WTA. If the company is understaffed, employees who get sick might be expected to take time out of their working time accounts. Other companies, on the contrary, had clearly defined rules limiting the endless increase of overtime, or defined pathways to shift time from short term to long term WTA, or they made sure that the employee really had the opportunity to influence his working time and to take off the time had previously saved.

In an empirical study on overflowing WTAs in Germany, Bauer, Groß, Munz, Sayin (2002) came to the result that 40 % of the respective companies made sure that the WTA was balanced again soon, 20 % paid money for overtime beyond the upper limit[8], 5 % of the companies shifted the time to long term WTAs — and in 18 % of the companies finally the saved time credits beyond the upper limit got lost for the employees. In a follow-up study, Bauer, Groß, Lehmann, Munz (2004) concluded that in about 80 % of all cases WTA were actually used to balance time needs; in the remaining 20 % either money was paid for overtime, or overtime beyond the fixed limits got lost. Munz (2006) sums up that in Germany employees vary their working time more often for company reasons than for private reasons. Employees with flexible working times do overtime more often than their colleagues with fixed working times, and they more often work overtime without any compensation. However, the time sovereignty of employees is positively correlated with the existence of clearly regulated WTA (that define rules for the handling of overboarding time credits), and with the existence of a work council in the company that can control these rules.

Actually it appears that the ‘working culture’ within the company is more important than specific company-level provisions, as Hochschild (1997) has shown in a US-study. Ultimately, the necessary social policy debate on role models should lead to a paradigm shift in companies, creating a situation where each employee is automatically also seen as a person with time needs beyond paid work, e.g. as a care-giver or as somebody involved in other socially relevant activities that can change over the life-course [*Klammer*, *Klenner*, 2004]. This requires that companies no longer base their planning concepts on the assumed norm of the (qualified male) employee who is freed from the full range of household duties.

At the same time it has become clear when looking at companies’ interests and flexibility needs that we cannot expect companies to mainly focus on their employees’ life-course needs irrespective of the business needs. The synchronization of the business cycle and the life cycle is not self-evident. Companies’ pressures and motives as well as their needs concerning flexibility and security, as well as the time horizon for their actions, are not necessarily congruent with those of their employees. Due to this fact, implementing a life-course perspective requires the simultaneous involvement of different actors — the state, the social partners and the company — with different tasks.

Old and new tasks for different actors in a life-course approach

A sustainable life course approach would have to allow variations and fluctuations in labour market participation and working times for people in different life situations and with different priorities [*Klammer*, *Klenner*, 2004; BMFSFJ, 2006]. The contribution of the state can be to generate the legal framework for different time-based options and to add these life phase-regulations to a coherent life-course approach.

All EU countries have granted individuals a set of rights and entitlements with respect to leave schemes for various matters (maternal, educational), also due to EU obligations, but these entitlements are not strongly interwoven. Moreover, the scope of these schemes and their generosity (length, replacement rates/payment, unilateral decision by employee to take up leave or consent required from employer) vary significantly across countries, with the Nordic countries, in particular Sweden, in many ways taking the lead. These conditions do determine actual take up rates.

We can also observe large differences in the relationship between statutory law and collective bargaining. In some countries, e. g. France and Italy, most of the life-course related laws are first and foremost formulated at the statutory level. Collective labour agreements in these cases simply reflect or repeat these provisions. In other countries, e. g. Denmark and the Netherlands, the role of collective bargaining partners is more prominent. Innovation often starts at the sector level and is ultimately ‘codified’ at the central level of labour law and social security law (i. e. the case

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[8] It is also reported that the habit of compensating overflowing WTAs in money has led to employees’ unnecessary extension of their working time (e. g. in the German Software AG — the XML company, see www.arbeitsberatung.de), so that the system had to be changed.

in the Netherlands, e. g. regarding workers' rights to work more or less hours; in Denmark statutory regulation remains much more modest compared to collective bargaining).

In Germany (as in some other European countries such as France and the UK), there have been significant changes in labour law and collective bargaining which show that the employee's need to facilitate the combination of work and family life have been recognized and improved. On the other hand, most of those changes can be attributed to efforts to improve conditions with regard to child care, and have thus only a limited relevance as concerns the individual's complete life-course.

What is still missing is an overall approach towards the consideration of individuals in their diversity with differing personal needs over their life-course. However, as the discussion of the career break scheme in Belgium and the life course policy in the Netherlands has shown, there are first examples of an integrated life course framework in some European countries.

The Netherlands proved to have so far managed to provide the closest life-course approach in legislation and collective bargaining of all European countries. The country is in the process of applying an overall approach towards work-life-balance which facilitates for the individuals to decide and to arrange rather by themselves how each wants to match one's personal needs to one's working life.

While both the Belgium career break scheme as well as the Dutch life-course scheme contain a lot of potential in terms of a life-course approach, these examples also reveal the potential danger from the perspective of some groups of citizens: When the state only concentrates on organizing a scheme that allows people to save time and money for all kind of needs during their individual life course without any differentiation concerning the motives for working time reductions and work interruptions, there is an obvious risk for a further individualisation of risk-coverage. Some people might need the time to recover, others might just save for long sabbaticals to travel around the world. It can also be assumed that such a system would not be gender neutral: whereas women would probably mainly save to cover care times, men might rather save for early retirement. This danger of the further individualization of risks under the cover of an individual life course saving scheme can only be avoided by deciding which situations in life, e.g. child care or elder care, (still) need some public, collectively financed support within the welfare state, and by integrating such regulations in an overall life-course framework. The role of the state in establishing a life-course policy therefore comprises the setting of legal rights to adjust one's working time (working time reduction/working time extension) as well as options to leave and to re-enter the labour market (e. g. for parental leave), minimum standards for work contracts but also cash benefits for defined life phases and risks. This process of re-structuring and integration of collective, so far separated support schemes into a coherent life course scheme necessarily requires a normative discussion.

Based on such a legal framework, collective agreements can forerun, extend or specify legal regulations concerning leaves and flexible working times. Companies can acknowledge the framework defined by the state and by collective agreements and they can draw up provisions to operate within this framework. To support this, the state can also encourage companies to adopt a life-course policy by creating incentives of various kinds — such as tax benefits for companies which provide certain family-friendly working times, by making the awarding of public contracts dependent on life course sensitive corporate policies, or through certification schemes and public awards. Economic arguments (as developed in [Prognos, 2003]) may create an additional and potentially strong incentive to ensure that personnel policy in companies is more family-friendly and life-course oriented.

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