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**“Confronting family poverty and social exclusion;
ensuring work-family balance;
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The Belgian career break / time credit system. A life course approach to ensure work-family balance.

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Acknowledgments

This briefing paper draws on the work of scholars and colleagues in Belgium informing us in previous decades about the characteristics and developments of the career break / time credit system in Belgium (see References). It also benefits from the information provided by policy makers being politically in charge of this policy issue at crucial moments in time (cf. Miet Smet, Monica De Coninck).

This briefing paper aims to review the major stages and developments of the “career break system” in Belgium. It also aims to comment on the shift of objectives of this system as well as on its increasing complexity. It also analyses the biased take-up by young female employees and by older male workers. Viewing its ongoing success the implications for providing an ever increasing budget are considered. Finally, comments and policy recommendations are formulated to update this useful system for work-family balance.

1 - In retrospect. Since the mid-1980s, this innovative system of leave (CB/TC) was launched and developed in Belgium allowing all workers to take a period of leave during their professional career, for any reason.

After a quite long political negotiation process, the scheme was finally initiated in 1985, mostly in response to the high unemployment rates of the early 1980s. The major underlying idea was to open more possibilities on the labor market for (young) unemployed people (e.g. Malderie, 1997). Throughout the years the scheme gradually shifted from this economic goal to a more individual-oriented measure by adding thematic leaves (i.e. parental leave, leave for medical support or leave for palliative care).

2 - Major developments.

At first, workers could take full-time career breaks -as an individual entitlement- for a minimum of 3 months and a maximum of 12 months. Quite soon, the possibility was added in the regulation of extending it up to five years. A flat rate payment was attached to it (approx. 300€ per month). Employees also kept almost all their social security rights as well as their pension rights, but for a more limited period.

It was labeled as "career break system" (*loopbaanonderbreking / interruption de carrière*) and at first designed to tackle raising unemployment levels. But it rapidly developed over the

years into a valuable tool for ensuring a better work-family balance. It got an increasing take up rate as three types of 'thematic leave' were introduced and added to the overall CB / TC system being ahead of the EU Directive 96/34/EC on Parental Leave. It was especially made more flexible and became more focused as a tool to better combine work and care responsibilities.

Several periods in the development of the career break system can be distinguished. First, various modifications were introduced which gradually improved the system from the perspective of the employees (1986-1991). Second, there was some retrenchment followed by some progress as a collective agreement was negotiated between the employers and trade unions in the National Labor Council (1991-1999). Third, the career break system received a further impetus (2000-2011) as the basic entitlement was expanded, e.g. more flexible options, becoming a right for employees in the private sector.

In 2002, this policy shift was recognized and confirmed with relabeling this system to 'Time Credit', be it only in the private sector. From then, the career break / time credit scheme has been promoted as a way to increase the quality of life with a specific emphasis on its relevance for ensuring a better work-family balance.

3 – Profile of users

Till now, this “career break system / time credit system” (CB / TC) in Belgium has enjoyed a great popularity bringing increasing number of workers to use the expanding system of career breaks in Belgium. Over the years, the number of users continued to increase from 2.019 in 1986, to 51.654 in 1994, over 111 994 in 2001 to a record of 261 059 in 2010 (IGVM, 2011).

As for other countries, the statistical information on take-up and user profiles is limited. The data collection is mainly to enable the supervising administration (RVA / ONEM) to exact flat-rate payment. Considering that this system was broadened and developed over the years, some variables such as age group, the type of break (e.g. one of the thematic leaves) and especially the amount of flexibility (full-time, half-time, 1/5th) all contribute to its complexity. Moreover, the ‘career break’ system which applies to the public sector also differs to some extent for the various sectors (administration, education, etc.). All this is not conducive to provide clear and comparable data over time.

Perhaps an even greater deficit is the unsuitability of these data sets for analyzing developments over the life course. Longitudinal research designs need to be developed separately to really analyze the impact of periods of CB / TC in the work history of women and men.

But the administrative data nevertheless reveal a number of major characteristics of use patterns of the various types of CB / TC. To sum up (based on data for 2010):

- All types of CB / TC taken together, women continue to use most of it (sex ratio, w/m 2.44), especially the thematic leaves related to care (73%), and especially so in the public sector;
- Reducing one's work time by 1 day a week is the most popular system for female workers (58%) and especially among male workers (76%);
- The popularity of the 1/5th option, especially among men, mostly relates to kind of exit strategy to retirement. Until recently, workers of 50 years and older had the opportunity to work part-time until their retirement (often at 60), benefitting from a flat-rate payment which financially compensated to some extent their reduced salary. Almost two third of all part-time breaks are by workers 50 years or older;
- Full-time CB / TC is used the least, less than 10%, but it often relates to various types of care (for 71% of women, compared to 16% of men). Of all full-time CB/TC to care for a young child, almost 95% is taken by mothers;

- In terms of households, 42% of all CB/TC is taken in couples with children, 18% by single parent families (5.5 times more single mothers than fathers), and by single person households (11%).
- The majority of all people taking a CB / TC live in Flanders where the Community-level government provides an additional financial incentive during maximum one year.

4 - Impact and consequences.

We are overall fact not very well informed about the consequences and long-term effects of the Career break / Time credit scheme. Common knowledge in international research is that it is generally believed that employees who interrupt their careers will be penalized on the labor market. Studies have shown the negative effects of taking a career break on career development in terms of fewer promotions and wage depreciation compared to individuals with continuous working patterns.

Frans and Mortelmans (2011) therefore analyzed wage differentials after a career break. They used longitudinal administrative data deriving a sample of employees (Flanders, 1998 to 2006) to examine wage differentials after a career break. Frans & Mortelmans or wage comparisons a control group without a career break is employed. They found that

women with a CB/TC, regardless of the type, have significant lower wages than women without such a break after controlling for age, income (in 1998) and child-related covariates. Women with a thematic leave experience only a slightly lower wage than women without a break. For men, the duration of the break is an important factor seeing wage differential for thematic leaves and for part-time in the private sector were not significant. But early or mid-career men are punished for leaving their job temporarily. But the authors still observe that wage differences can also be due to selection effects considering certain characteristics of employees using some types of CB / TC.

Based on her PhD work, Vandeweyer (2010) compares quite large subgroups of women and of men, at work or taking a break (full-time or part-time). Detailed analyses often refer to the overall reduction of feelings of time pressure among workers using a period of CB/TC. Drawing on a mix of information from semi-qualitative interviews and of questionnaire data, Fusulier et al. (2011) document the differential impact of various professions -nurses, social workers, and policemen (of both sexes)- and of differences in their workplace culture on the use of CB / TC systems and the different (lack of) support from their peers, superiors and management.

Devisscher et al. (2002) attempted to measure the impact of the additional bonus by the Flemish government provides to all workers in Flanders taking a CB / TC. As this financial incentive was at that time only recently implemented their data tentatively suggest a positive impact for some subgroups of users.

5 – Current issues

Needless to say that such patterns of use of CB / TC strongly interrelate to the (lack of) flexible working hours and especially the availability of affordable child care and other ECEC. It is documented that Belgium witnesses within the EU context a comparatively good record for attendance and use of childcare services and of a substantial participation from 2,5 years on in preschool education.

Even the extensive use of service vouchers in Belgium for personal and household services need to be considered as another aid in the toolkit of measures to help Belgian workers to ensure a better work-family balance (cf. EC staff working document, 2012).

It can be recalled that from the mid-1980s an innovative system of leave was developed in Belgium allowing not only parents to care for their young children but also to other workers for other reasons. Its life course perspective is also reflected in vouchers informing the public stating: “Take a career break to make time for yourself or for the ones nearby, for example to study, to raise your children, to travel, or as a transition to your pension)” (*translation*)

When the present federal Belgian Government took office (November 2011), the time credit system has been reviewed in the context of the budget deficit and the overall need to adapt is subject for public debate (e.g. employers voicing their discontent with the many

generous possibilities) and political discussion. Compared to previous years, some more substantial changes were made. They also relate to the various objectives of this system as well as on its increasing complexity.

A number of cuts were decided and implemented from 2012 on. The major item relates to create a distinction between a 'motivated' versus a 'non-motivated' career break. The former directly relates to periods of care (cf. a newborn, a disabled child, a chronically ill, a frail old person) and remain unaffected by the current measures. The latter, however, is submitted to more severe conditions (e.g. reduced time period, increased age threshold). But for all workers enrolled at the time of the governmental decision in some type of CB / TC, or who made their application before the 28th of November 2011, no changes are applicable. They keep the rights as previously scheduled.

But from December 2011 on, this no longer holds for non-motivated periods of CB/TB referring to longer periods of interrupting full-time or part time work for reasons such as a long holidays, life reorientation or just for leisure or rest. One major change relates to limiting this right to a maximum of 1 year (or an equivalent period in some part-time formula).

Secondly, at a later stage of one's professional life the age condition to benefit from a higher flat rate payment and more generous conditions is lifted from 50 to 55 years, after a minimum of 25 years of work. But some exceptions remain here as well, such as for workers involved in physically demanding work or enrolled in companies witnessing a

major restructuring. Finally, one major change will only become noticeable at the end of one's professional career. Till now, periods of CB / TC were dealt with as equivalent to work for building up pension rights. From 2012 on, periods of non-motivated CB /TC are no longer valid and will not be included as years equivalent to work.

On the other hand, the federal Government also acted (in haste) to implement the new EU Directive 2010/18 on Parental Leave. Viewing the long period of political deadlock at the federal level (late 2010, most of 2011), it also remained impossible to formally adapt the specific regulation for parental leave to the needs of the EU Directive (deadline March 2012). At last, the federal government decided early March 2012 to allow a 4th month of parental leave, as an individual entitlement. But the flat rate payment, for all workers who take up to three months of parental leave, is now limited and earmarked for those wishing to take the additional 4th month of leave to parents of a child born after 8th March 2012. It was calculated that an estimated budget of 160 up to 230 Mi.€ would be needed, in case all parents would be entitled for that benefit.

Postscript.

The "career break system / time credit system" (CB / TC) in Belgium continues to enjoy great popularity among workers during their working years, bringing large number of workers to use the expanding system of various forms of career break / time credit at least once in their life course. The overall impact of the governmental decision at the end

of 2011 is mostly that the process to gradually extending rights and possibilities (e.g. greater flexibility) in previous decades is halted and more restrictions may be decided later in 2012 during another round of additional budget cuts. At present, changes are limited to cutting down on some types of CB / TC possibilities the employers for a long time already objected to (cf. too long, too early, too flexible, etc.).

The implications for the (federal) budget are substantial and of increasing concern for policy makers in times of austerity and socio economic hardship. The various stakeholders will probably need to balance the pros and cons reasonably in order to keep this innovative system sustainable for the years to come.

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