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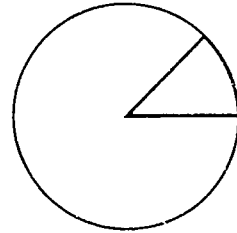
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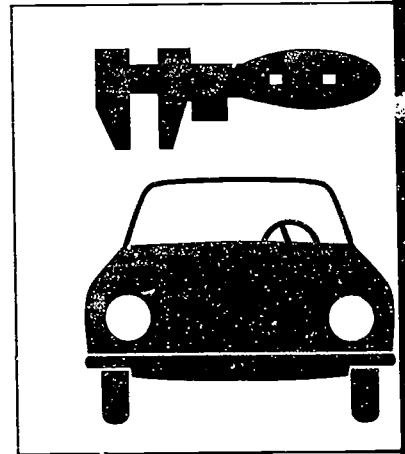
## ABSTRACT

An international team of researchers studied the following aspects of training in Luxembourg's motor vehicle repair and sales sector: structure and characteristics; institutional and social context; relationship to Luxembourg's overall labor market; changing structural, economic, and organizational conditions; and training and recruitment and relationship to Luxembourg's education system. Social and labor/employment statistics were analyzed, and case studies of a 20-employee Saab importer/dealer/repairer and a 132-employee Mercedes-Benz importer/dealer were conducted. The case studies were concluded to confirm the following problems/trends in worker training in Luxembourg: shortage of skilled workers (especially workers born in Luxembourg); growing interest in continuing vocational training in response to economic and technological changes and to overcome the shortcomings of initial vocational training; and shortages of funding and time and absence of structured, forward-looking programs to develop human resources. Major national initiatives have been proposed to solve the identified problems: reforming training leading to advanced training certificates, restructuring initial training, and establishing a means of sharing training costs through state subsidies/fiscal incentives and company investment. (Fourteen tables are included.) (MN)



LUXEMBOURG  
REPORT

# MOTOR VEHICLE REPAIR AND SALES SECTOR



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**MOTOR VEHICLE REPAIR AND SALES SECTOR**

**TRAINING IN THE MOTOR  
VEHICLE REPAIR AND SALES  
SECTOR IN THE GRAND DUCHY  
OF LUXEMBOURG**

**REPORT FOR THE FORCE PROGRAMME**

drawn up by  
Paul Krier and Ted Mathgen  
La Chambre des Métiers du Grand-Duché du Luxembourg

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# FORCE

Formation continue en Europe  
Commission of the European Communities  
**TASK FORCE**  
Human Resources, Education, Training and Youth  
Rue de la Loi, 200; B-1049 Bruxelles

## THE IDEA FORCE

The future economic strength and the potential for social progress of the European Community depends on a consistent improvement in the competence and qualifications of its 132.000.000 labour force. Better continuing vocational training is one of the essential conditions for the success of the Single Market 1993.

The European Commission is determined to support and give fresh impetus to the efforts which companies throughout the Community are making to improve continuing training.

FORCE is the European Community's action programme for the development of continuing vocational training. It is focussed on companies, especially on small and medium-sized companies. It involves trainers and training bodies, employer and union representatives - everyone concerned with improving the competence of the labour force.

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FORCE promotes working partnerships in continuing training between companies, training bodies, public authorities and social partners.

**These will include:** supporting continuing training innovation through a European transnational network, an exchange programme, transnational and transfrontier pilot projects and projects concerned with the evolution of qualifications; assuring closer policy co-operation between Member States by evolving a common statistical means of analysing what is being done in terms of continuing training, through regular analysis of relevant contractual policy and collective agreements, and through enquiries into sectoral needs; supporting the establishment of regional consortia and transnational continuing training partnerships which specialise in transferring exemplary good practice to economically weak regions.

## JOINING

You can take part in the FORCE network and apply for financial assistance to join its innovation and transfer exchanges and projects if you are:

**a large, medium-sized or small company, a training body working with industry or commerce, an employer or trade union body, a training or human resource expert or manager.**

Through FORCE you can help improve continuing training in your company, sector or local labour market. At the same time you can help to contribute to the improvement and availability of continuing training - and thus to shaping the European Community.

# CEDEFOP

**European Centre for the Development of Vocational Training**  
**Jean Monnet House, Bundesallee 22, D-10717 Berlin**

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CEDEFOP is an autonomous body, independent of the departments of the Commission of the European Communities, but its task and activities are closely integrated with those of the Commission, to which the Centre contributes its technical and scientific expertise.

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### **Consultation:**

CEDEFOP, as an organization supporting the Commission, has the task of promoting a concerted approach to vocational training problems. It takes every opportunity to promote and encourage training.

# ACKNOWLEDGEMENTS

This study was carried out in the framework of the European motor vehicle repair and sales sector, within the EC FORCE programme and conducted by a central team made up of:

Kaj Olesen and Bruno Clematide, DTI – Denmark  
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with the participation of Skevos Papaioannou, INE – Greece

under the responsibility of Felix Rauner, ITB – Bremen and in close collaboration with Tina Bertzeletou, CEDEFOP.

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# CONTENTS

## PART 1 – SECTORAL CONTEXT

	Page
<b>1. Definition and description of the sector</b>	11
<b>2. Structure and characteristics of the motor vehicle sector</b>	13
2.1 Characteristics arising from the geographical and political context	13
2.1.1 Dependency of the sector on the influx of foreign manpower	13
2.1.2 Environmental issues facing the motor vehicle sector	13
2.1.3 Statutory testing of motor vehicles (MOT)	14
2.2 Intrinsic characteristics of the sector (structure of the market)	15
<b>3. Institutional and social background</b>	20
3.1 Legislation relating to the motor vehicle repair, maintenance and distribution sector	20
3.2 Restrictions on working hours	21
3.3 Continuing vocational training	21
3.3.1 Institutional framework	21
3.3.2 Collective bargaining background and the role played by the social partners	21
3.3.3 Continuing vocational training in the motor vehicle sector	22
<b>4. Employment and work</b>	23
<b>5. Changing conditions and the impact on the skills and training of salaried employees</b>	25
<b>6. Training and recruitment</b>	26
6.1 The initial system of vocational training	26
6.1.1 The legal framework: the law of 4 September 1990 reforming technical secondary education and continuing vocational training	26
6.1.2 Technical secondary education	26
6.1.3 Post secondary education in Luxembourg	27
6.2 Continuing vocational training	27
6.3 Recruitment	28
Conclusions and objectives	28

## PART 2 – CASE STUDIES

### CASE STUDY No. 1

1. Description of the case (the firm in question is referred to as X for the purposes of the case study)	31
2. General description of the firm	31
History	31
Personnel	31
Foreign workers	31
Part-time employment	32



Employment of women	32
Customer relations	32
Technical infrastructure	32
Remuneration policy	32
Working conditions	32
Organization of the firm	33
3. Institutions which offer courses in continuing vocational training	33
4. Continuing vocational training policy	33
4.1 Role of continuing vocational training in the administration of the business	33
4.2 Training projects and initiatives at shop-floor level	34
4.3 Relationship between the plans and the demands for vocational training	34
4.4 Groups selected for vocational training	34
4.5 Vocational training programmes	34
4.6 Costs of continuing vocational training	34
5. Assessment	35

### **CASE STUDY No. 2**

1. General description of the case study	36
2. General description of Meris & Co.	36
2.1 Structure of the firm	36
2.2 Personnel structure	36
2.3 Working conditions	37
3. Institutions which offer courses in continuing vocational training	38
4. Continuing vocational training policy	38
4.1 Role of continuing vocational training in the administration of the firm	38
4.2 Training projects and initiatives at shop-floor level	38
4.3 Relationship between the plans and the demands for vocational training	38
4.4 Groups selected for vocational training	38
4.5 Vocational training programmes	39
4.5.1 External training	39
4.5.2 Role of the social partners	40
4.6 Costs of continuing vocational training	41
5. Assessment	41
5.1 By the firm	41
5.2 By the staff	41
Annex to the Case Studies	42

## **PART 3 – TRENDS**

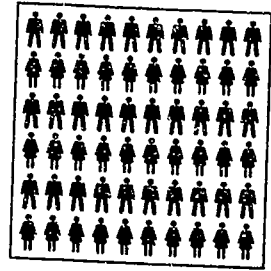
### **Conclusions and recommendations**

#### **Annex**

45

46

# PART 1:



1. Definition and description of the sector
  2. Structure and characteristics of the motor vehicle sector
  3. Institutional and social background
  4. Employment and work
  5. Changing conditions and the impact on the skills and training of salaried employees
  6. Training and recruitment
- Conclusions

# 1. DEFINITION AND DESCRIPTION OF THE SECTOR

It is important to note from the outset that the Grand Duchy of Luxembourg has no motor vehicle industry in the true sense of the word. This means that Luxembourg itself does not manufacture motor vehicles. Motor parts are manufactured by two industries, one producing components and the other pneumatic equipment. Therefore, the motor vehicle sector, as it stands in the Grand Duchy, is limited to import, distribution, repair and maintenance.

For the most part it consists of occupations connected with the mechanical and technical aspects of motor vehicles.

It comprises the following trades:

- motorcar and motorbike mechanics
- machine and industrial plant mechanics
- coachbuilders and repairers
- panel beaters
- motor vehicle painters and sprayers
- motor vehicle electromechanics
- car upholsterers
- manufacturers and repairers of car radiators
- vulcanizers
- service station managers

These occupations all come under the craft trade sector. (A brief definition of this sector is given in the chapter entitled "Institutional and social background".)

The motor vehicle sector, as defined above, comprises 421<sup>1</sup> businesses employing 3806<sup>1</sup> people (workers and employees), that is, on average, about 9 people per firm. These 421 enterprises represent 11% of the total craft trade sector.

It should, however, be mentioned that the development of the motor vehicle sector has, to a large extent, been determined by one single trade, namely motorcar and motorbike mechanics who represent  $\frac{2}{3}$  of the enterprises and  $\frac{4}{5}$  of the people employed. The other trades are scarcely represented at all. Car and motorbike mechanics offer specialist services in panel beating, paintwork, and electronics thus competing with the firms who only offer one service.

Generally speaking, it may be said that virtually all firms involved in the motor vehicle trade in the Grand Duchy undertake repair and maintenance work and that about 80% of these enterprises also distribute vehicles (sale of motor vehicles). The tables below give an idea of the development of the motor vehicle sector between 1970 and

1991 in terms of personnel, the age of employers and the firms' legal status<sup>2</sup>.

Table 1 - Development of firms in terms of the size of the workforce

*Motorcar and motorbike mechanics*

Firms	1970	1980	1985	1990	1991
Total number	220	261	274	276	270
without blue-collar workers	50	57	55	61	51
with blue-collar workers	170	204	209	251	219
1-4 blue-collar workers	105	96	104	100	101
5-9 blue-collar workers	24	60	52	48	52
10-19 blue-collar workers	25	25	33	44	40
20-49 blue-collar workers	13	16	14	16	19
over 50 blue-collar workers	3	7	6	7	7

Table 2 - Age structure of employers

Firms	1970	1980	1985	1990	1991
Under 30 yrs	14	12	2	6	5
31-40 yrs	48	55	46	29	29
41-50 yrs	41	60	62	45	47
51-60 yrs	32	33	46	51	46
61-65 yrs	16	4	7	12	14
Over 65 yrs	21	19	10	11	9

Table 3 - Development of firms by their legal status

Firms	1970	1980	1985	1990	1991
No. of companies	48	78	101	122	120
Public limited company (SA)	3	9	8	14	14
Private limited company (SARL)	29	51	69	86	86
General partnership	12	12	14	13	12
Limited partnership	3	4	8	8	7
Others	1	2	2	1	1

These tables show that:

- almost  $\frac{3}{4}$  of firms with employees are small in size often with a family atmosphere;
- the number of firms employing 5 people or more, has increased from 50% to 100% during the last 20 years;

<sup>1</sup> 1991 figures

<sup>2</sup> Figures refer only to car and motorbike mechanics (the occupation which largely dominates the sector)

1.

- as far as the age of employers is concerned, there is a clear decrease in the number of "younger" and "older" employers and an increase in those who may be termed "middle-aged";

- the number of firms which have chosen to trade with commercial company status has risen by almost 200% between 1970 and 1991, with special emphasis on the private limited company.

## 2. STRUCTURE AND CHARACTERISTICS OF THE MOTOR VEHICLE SECTOR

### Introduction

In order to give an accurate and reliable description of the motor vehicle sector it is essential to distinguish between the special characteristics of the sector itself, and those aspects which are inextricably linked to the geographical position of the country.

### 2.1 Characteristics arising from the geographical and political context

#### 2.1.1 Dependency of the sector on the influx of foreign manpower

The Grand Duchy covers an area of some 2,600 square kilometres in total (north to south: 82 kms/ east to west: 57 kms) which is the size of a French "département" or a small German "Land" (e.g. the Saarland). It joins onto Belgium in the north and west, France in the south and Germany in the east.

From a demographical point of view, Luxembourg's total population of approx. 390,000<sup>3</sup> consists of almost 115,000<sup>3</sup> foreigners. This is nearly 30% of the total. The foreign population is essentially made up of Portuguese, followed by Italians, French, Belgians and Germans.

Employment figures on the domestic market stand at around 190,000<sup>3</sup> of whom approx. 172,000<sup>3</sup> are salaried employees and 18,000<sup>3</sup> are self-employed.

These figures include a very significant number of foreigners. Of the total number employed in the country, about 85,000<sup>3</sup> are foreigners. They account for some 45% of the total. Moreover, approximately 19% of those employed within the country are frontier inhabitants who are non-resident and commute daily between Luxembourg and one of the three neighbouring countries (Belgium, France or Germany). It should also be mentioned that the average annual unemployment figure for the same period was at a level of 2.1%<sup>3</sup>.

An almost zero rate of unemployment and a high degree of foreign manpower emphasise the fact that Luxembourg suffers from a serious shortage of labour in general and skilled labour in particular. The motor vehicle sector, the subject of the present study, has also been affected by this development (for statistics relating to the motor vehicle sector, see the chapter entitled "Employment and work").

These developments have several implications, namely: problems of communication within a firm (French and German speaking - e.g. in many firms the spoken language is not the national language but the language of one of the

bordering countries); customer relations; organization and follow-up of training (measures relating to qualifications proposed by training organizations and particularly by the Chamber of Trades must take into account this disparity); etc.

#### 2.1.2 Environmental issues facing the motor vehicle sector

Given that the Grand Duchy has no motor vehicle industry of its own, EC legislation on environmental issues does not directly affect Luxembourg. This applies in particular to the research stage and to the design and manufacture of motor vehicles (for example, setting maximum noise limits). Therefore, when transcribing these regulations and directives etc. into national legislation, the Grand Duchy of Luxembourg is essentially dependent on other countries, in this case on those who do manufacture motor vehicles.

Luxembourg is, however, subject to the same constraints and has the same room to manoeuvre as other EC Member States in areas relating to ecological problems which directly affect motor vehicle distributors and repairers.

##### • Atmospheric pollution

As far as atmospheric pollution through exhaust fumes from motor vehicles is concerned, legislation in the Grand Duchy was recommendatory at first but has subsequently become mandatory. This development can be outlined in two distinct stages:

##### - stage 1: recommendation stage

Article 1 of the regulation passed by the Council of Ministers on 17 November 1989 "concerning the payment of a grant to individuals who adapt their engines in order to reduce the level of pollution emitted from their vehicles" stated that government assistance would be allocated to such persons for fitting a catalytic convertor to their cars. The grant could be up to either LUF 10,000 (approx ECU 250) for a basic catalytic convertor, a three-way catalytic convertor without lambda probe or for any other fitting achieving an equivalent reduction in pollution, or LUF 20,000 for a three-way catalytic convertor with lambda probe or any other fitting effecting an equivalent pollution reduction.

The statutory provisions embodied in this regulation came into force on 1 January 1990 with a period of grace lasting until 31 December 1991. However, they were extended until mid 1992.

##### - stage 2: transition to legal requirement

After a transitional period lasting from 1 October 1992 until 31 December 1992, it has become a legal requirement for every new car to be fitted

<sup>3</sup> 1992 figures (STATEC - Service Central de la Statistique et des Etudes Economiques - Central Office for Statistics and Economic Studies)

with a catalytic convertor without which the car may not be registered. This provision is made by the Grand Ducal Regulation of 2 September 1992 amending the Grand Ducal Decree of 23 November 1955 which regulates traffic on all public highways.

Cars registered in Luxembourg must undergo rigorous testing of maximum legal levels of exhaust fumes during regular technical and statutory tests (MOT). (see paragraph 2.1.3)

- *Waste disposal*

With a view to combatting atmospheric pollution, the Grand Ducal Regulation of 23 December 1987 "relating to appliances and installations which run on liquid or gas fuels" prohibited the burning of used oil with effect from 1 January 1992. At the time the deadline of 1 January 1992 hung over the motor vehicle sector like the sword of Damocles and forced the Chamber of Trades to move quickly in drawing up a special plan to be enforced at national level for the collection and disposal of used motor oil from motor vehicles. This reinforced the Grand Ducal Regulation of 30 November 1989 "relating to used oil" which legislated particularly for its collection, transportation, and disposal without subsidy or financial aid from public authorities.

As a first step to helping firms in the motor vehicle sector fall into line with the legislation, the Chamber of Trades aimed to introduce a system of collecting used oil from all the motor vehicle repairers in the national network. This system covered the following areas: drawing up the plan; negotiations with the federations of motor vehicle distributors and repairers; negotiations with firms specialised in the transportation and disposal of waste; negotiations on the price per litre of used oil, etc. The basis for the second phase of waste disposal in the motor vehicle sector was established by an agreement for co-operation between the Chamber of Trades and the Ministry of the Environment signed in March 1991, stipulating, among other things, that there would be close co-operation between the relevant departments of the Chamber of Trades and those of the Ministry of the Environment with the aim of introducing policies and concerted action for dealing with the disposal and recycling of waste in the craft trades sector.

In a combined drive, the Chamber of Trades and the Ministry of the Environment launched the "Superdreckskescht 2" programme ("Super-Dustbin 2") which, in line with current legislation, is designed to encourage the separate storage, collection and disposal of all waste produced in motor vehicle repair workshops.

Given that separate storage and collection of waste means additional costs, which, according to the "polluter pays" principle, are billed to the client, the Chamber of Trades together with the professional bodies concerned are negotiating

price changes with the Office of Pricing, being the competent authority in Luxembourg, and is thereafter offering advice to firms on the introduction of a system of invoicing which takes account of the new situation.

Lastly, it should be added that, besides the areas described above, the motor vehicle sector is also confronted with problems of water pollution, the escape of toxic gasses (paint workshops), etc. In these areas concrete measures which are acceptable from both an ecological and economic point of view are at the preparation stage and await enforcement.

### 2.1.3 Statutory testing of motor vehicles (MOT)

In accordance with the Grand Ducal law of 14 February 1955 "relating to the regulation of traffic on all public highways, amended and brought into effect...", every motor vehicle must undergo statutory technical testing in the following instances:

- when the vehicle is first registered,
- if there is a change in ownership,
- if the vehicle is imported.

In the case of private cars, testing is required annually after the vehicle is 3<sup>1</sup>/<sub>2</sub> years old.

Statutory testing focuses on the following:

- brakes,
- tyres,
- lights,
- rust,
- exhaust.

There is a charge for the test which is partly borne by the owner of the vehicle.

The test itself is the responsibility of the "National Association for Technical Control" which runs two testing centres. The one which is centrally situated is always open, the other, in the north, is open from time to time. A third testing centre in the south has just been opened.

During testing, cars have to pass through a certain number of control points. A specially designed card which notes all the points of control is punched by those responsible for the testing. A system of punch holes shows possible faults in the following way:

- no faults : 0 holes
- slight contravention : 1 hole
- serious contravention : 2 holes

Should 2 holes appear at one or more of the control points the vehicle will be partially or completely failed, which means

- in the case of partial failure the driver of the vehicle is requested to drive, taking the most direct route, to his nearest motor vehicle repair station, to have the defective part(s) repaired and to return within 2 weeks for another test.

- in the case of complete failure the driver is requested to have his motor vehicle towed away to a repair station, to have the defective part(s) repaired and to return for another test.

Should one hole appear at one or more of the control points, the vehicle is passed. However, the testing centre may draw the owner's attention to certain minor defects noted during the testing of the vehicle.

## 2.2 Intrinsic characteristics of the sector (structure of the market)

In the motor vehicle sector the main factors which have a bearing on demand are:

- demand for private cars from private individuals and households;
- increase in traffic and the number of accidents;
- increase in the price of petrol and associated consequences;
- demand for company cars;
- price increases;
- psychological factors;
- transport policy.

The following tables (prepared by departments of the Chamber of Trades or using old statistics published by the national department of STATEC give an idea of:

- the level and increase in the number of vehicles on the road (according to different categories of vehicle)

- which countries export (giving an indication of the number of vehicles exported and their country of origin)
- the increase in the number of newly registered cars (new and second hand)
- the respective market share of different makes of car in relation to the total number of cars newly registered in the Grand Duchy of Luxembourg, this within the framework of the present FORCE study (year of reference - 1991).

In relation to the number of people living in Luxembourg (approximately 390,000), the number of vehicles on the road (around 230,000) is among the highest in the world. Over the last decade (1981/1991) the number of vehicles rose by about 40%. Figures not yet officially published for the first ten months of 1992 indicate a drop of approximately 5,000 in the number of new vehicles registered, an alarming figure documenting that the motorcar sector is being hit in the same way as other areas of the economy. This figure should, however, be seen in the light of an anticipated boost in the number of vehicle purchases in 1991 as a result of the announcement of an increase in the level of VAT on motor vehicles to take effect from 1 January 1992.

In this connection it is worth mentioning that the structure of the sales market is characterized by the existence of only three makes of motor vehicle, all imported directly from the Federal Republic of Germany (Mercedes, BMW, Porsche/Audi/Volkswagen). All other makes of motor vehicle, numbering about forty, are imported through Belgium by general Belgian importers and are subsequently marketed by national distributors. These distributors are known as authorized dealers and they depend directly on Belgian suppliers with whom they have a franchise contract.

Table 4 – Number of motor vehicles registered in the Grand Duchy according to vehicle type  
a. Raw Data Series (1936–1991)

Year (situation as at 1st January)	Total	Motor- cycles	Private cars and light commercial vehicles	Buses and coaches	Vans	Lorries	Road tractors and special vehicles	Agricultural tractors	Other motor vehicles
1936	(13,905)	2,904	6,820	180	3,144	833	...	24	...
1940	(14,071)	3,379	7,045	190	2,900	534	...	23	...
1950	(17,560)	4,430	8,050	140	1,910	2,150	...	880	...
1960	58,986	10,078	33,446	355	4,004	3,634	...	6,824	645
1970	113,735	3,992	84,816	560	7,630	3,746	...	9,844	3,147
1971	120,816	3,563	91,186	587	8,138	3,861	...	10,128	3,353
1971 <sup>4</sup>	120,816	3,563	94,478	587	4,755	3,773	1,490	10,128	2,042
1975	156,620	3,711	127,860	682	5,991	4,549	2,195	9,683	1,949
1976	170,590	3,820	140,087	731	6,569	4,675	2,621	10,091	1,996
1976 <sup>5</sup>	141,545	2,162	114,775	623	5,255	3,893	2,503	10,637	1,697
1979	183,738	3,279	153,051	718	5,675	4,719	3,121	11,435	1,740
1979 <sup>6</sup>	149,771	1,874	122,997	638	4,640	3,850	2,651	11,390	1,731
1980	155,865	1,792	128,612	647	4,668	3,891	2,843	11,655	1,757
1981	161,366	1,917	133,315	670	4,752	4,025	3,041	11,873	1,773
1982	166,782	2,011	137,924	696	4,864	4,090	3,290	12,124	1,783
1983	170,269	2,228	141,081	687	4,872	4,137	3,325	12,176	1,763
1984	175,771	2,500	145,849	704	4,920	4,191	3,496	12,361	1,748
1985	182,131	2,599	151,640	695	4,980	4,158	3,858	12,443	1,758
1986	187,307	2,800	156,048	693	5,136	4,134	4,145	12,569	1,782
1987	194,436	2,756	162,481	701	5,344	4,283	4,541	12,560	1,770
1988	201,179	2,757	168,476	717	5,545	4,406	4,973	12,540	1,765
1989	211,176	3,025	177,011	705	5,977	4,637	5,457	12,610	1,754
1990	219,293	3,334	183,404	734	6,327	4,948	6,071	12,711	1,764
1991	229,564	3,930	191,588	760	6,830	5,248	6,697	12,741	1,770

<sup>4</sup> New vehicle classification

<sup>5</sup> Database provided by the CIE

<sup>6</sup> Vehicles registered with the road tax department



Table 5 - Motor vehicles by country of origin and according to vehicle type

Year (situation as at 1st January)	Total	Motor- cycles	Private cars and light commercial vehicles	Buses and coaches	Vans	Trucks	Road tractors and special vehicles	Agricultural tractors	Other motor vehicles
1980 (1st January)									
West Germany	75,351	593	60,973	572	3,817	2,980	1,691	4,525	200
East Germany	176	-	170	-	6	-	-	-	-
Austria	257	11	1	-	-	6	22	217	-
Belgium	523	72	340	31	5	6	20	35	14
France	55,217	8	52,712	12	1,229	562	280	415	-
Great Britain	13,019	98	10,300	30	241	601	164	1,571	14
Italy	15,306	408	12,888	67	355	259	628	699	2
Japan	15,861	2,156	13,556	-	119	5	25	-	-
Netherlands	838	-	603	9	2	127	81	1	15
Sweden	4,973	3	4,382	15	-	320	252	1	-
Switzerland	4	-	2	-	1	-	-	1	-
Czechoslovakia	619	54	560	-	5	-	-	-	-
USSR	2,959	-	2,878	-	1	-	-	80	-
USA	7,356	23	3,010	3	73	74	220	3,928	25
Other	2,282	78	427	2	12	9	29	232	1,493
Total	194,741	3,504	162,802	741	5,865	4,949	3,412	11,705	1,763
1985 (1st January) <sup>7</sup>									
West Germany	71,658	220	58,435	571	2,554	2,551	2,006	4,907	414
East Germany	180	2	167	-	11	-	-	-	-
Austria	386	10	1	4	-	1	53	317	-
Belgium	1,177	4	90	56	9	-	80	897	41
France	45,406	11	43,077	14	1,097	403	279	527	-
Great Britain	6,464	27	4,318	3	149	380	194	1,383	10
Italy	14,745	255	12,502	32	438	280	452	778	8
Japan	24,724	2,011	21,934	-	662	10	99	8	-
Netherlands	413	-	156	5	-	107	111	2	32
Sweden	6,058	4	5,346	10	2	364	330	2	-
Switzerland	4	-	1	-	1	-	-	2	-
Czechoslovakia	325	7	243	-	2	-	2	71	-
USSR	3,303	-	3,295	-	8	-	-	-	-
USA	5,391	14	1,642	-	44	53	227	3,363	48
Other	1,895	34	433	-	3	9	25	186	1,205
Total	182,131	2,599	151,640	695	4,980	4,158	3,858	12,443	1,758
1990 (1st January)									
Germany	101,137	314	84,443	608	2,902	3,109	3,308	5,190	1,263
Austria	609	14	-	8	1	11	137	431	7
Belgium	1,365	12	23	90	32	5	167	1,006	30
France	49,285	27	45,787	22	1,837	619	447	535	11
Great Britain	5,536	41	3,500	-	104	182	314	1,328	67
Italy	14,028	373	11,536	8	536	199	444	865	67
Japan	36,204	3,054	31,809	-	1,065	48	205	17	6
Netherlands	644	-	33	12	41	209	190	3	156
Sweden	8,417	7	6,808	7	5	682	878	28	2
Switzerland	14	-	1	-	-	-	11	2	-
Czechoslovakia	232	6	164	-	1	-	8	53	-
USSR	2,768	3	2,729	-	35	-	-	1	-
USA	6,556	75	2,483	-	79	30	463	3,267	159
Other	2,769	4	2,272	5	192	154	125	15	2
Total	229,564	3,930	191,588	760	6,830	5,248	6,697	12,741	1,770

Sources: General Inspectorate of the Dept. Social Security and STATEC

In millions of francs

<sup>7</sup> Adjusted database

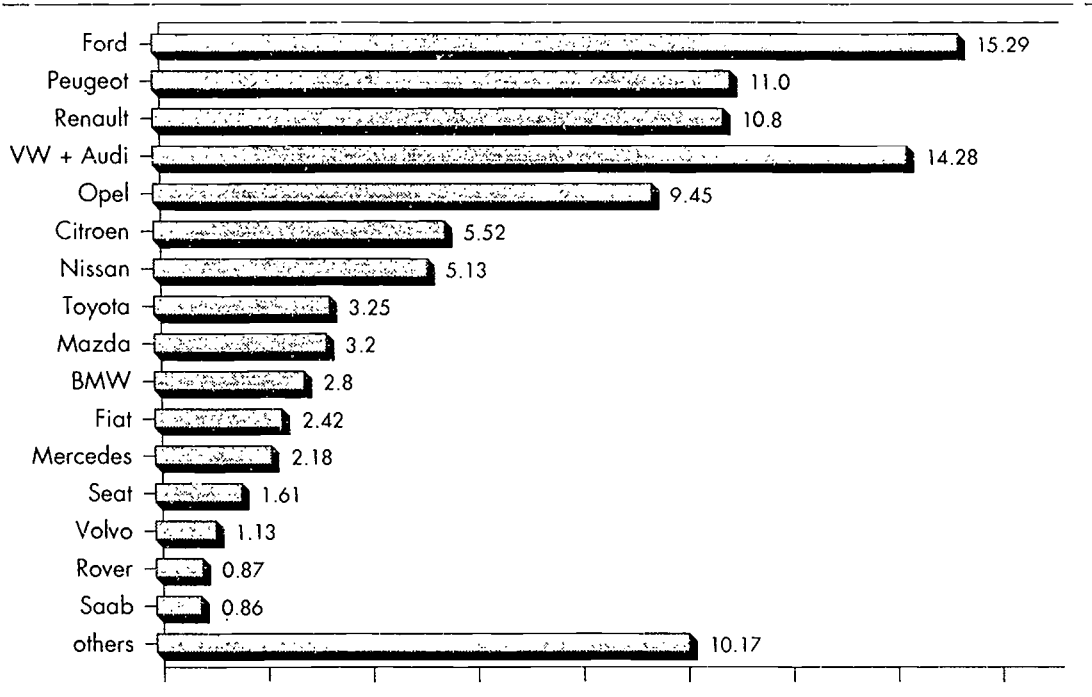
Table 6 - New motor vehicle registrations by type of vehicle

Year	Total	Motor-cycles	Private cars and light commercial vehicles	Total no of lorries and vans	Lorries	Vans	Agricultural tractors	Buses and coaches	Road tractors and special vehicles	Other agricultural vehicles
New vehicles										
1965	10,602	135	8,364	1,225	303	922	453	54	371	...
1970	13,867	120	11,633	1,253	293	960	584	41	236	...
1971	15,620	143	13,794	991	384	607	373	49	243	27
1972	17,002	183	14,988	1,104	418	686	428	40	226	33
1973	18,195	264	15,948	1,177	405	772	469	71	229	37
1974	19,189	337	16,851	1,176	424	752	461	43	280	41
1975	19,230	270	17,356	862	288	574	453	44	196	49
1978	24,354	272	22,395	823	338	485	433	72	338	21
1979	25,200	315	22,796	1,121	459	662	341	94	503	30
1980	24,946	417	22,440	1,240	531	709	302	56	465	26
1981	25,597	540	23,008	1,055	351	704	380	52	532	30
1982	28,424	620	25,796	991	331	660	426	33	541	17
1983	28,764	596	26,482	892	265	627	371	38	374	11
1984	30,531	476	28,597	877	228	649	247	39	271	24
1985	31,463	514	29,235	976	228	748	284	37	371	46
1986	35,363	460	32,960	1,217	299	915	237	35	430	24
1987	35,343	438	32,660	1,346	401	945	269	40	549	41
1988	36,932	515	33,847	1,589	469	1,120	291	30	638	22
1989	38,190	613	34,382	1,854	573	1,281	283	48	972	38
1990	...	...	38,648	1,986	693	1,293	269	61	1,020	31
Second-hand cars <sup>8, 9</sup>										
1972	17,322	313	15,960	653	254	399	262	21	76	37
1974	18,633	446	17,112	722	234	488	249	29	69	6
1975	19,312	475	17,838	743	216	527	138	57	61	-
1978	28,689	430	26,437	987	369	618	485	52	246	52
1979	28,346	586	25,808	1,082	442	640	501	111	208	50
1980	28,290	757	25,590	1,001	373	628	518	82	299	43
1981	29,060	868	26,409	933	322	611	503	45	271	31
1982	29,199	930	26,310	1,086	378	708	515	41	282	35
1983	30,645	1,042	27,644	1,091	399	692	497	30	321	20
1984	32,077	1,032	28,993	1,050	383	667	418	39	496	49
1985	32,326	1,081	29,075	1,083	363	720	430	45	555	57
1986	34,851	863	31,678	1,229	491	738	396	53	593	39
1987	35,683	862	32,529	1,172	410	762	350	52	683	35
1988	37,404	1,052	33,853	1,305	474	831	361	52	736	45
1989	39,481	1,258	35,453	1,473	600	873	349	46	873	29
1990	...	...	...	...	...	...	...	...	...	...

<sup>8</sup> Figures relative to new registrations of second-hand vehicles are not available according to the new definition

<sup>9</sup> Including imported second-hand cars

Table 7 - New car registrations in the Grand Duchy of Luxembourg in 1991



percentage of the total number of registrations

### 3. INSTITUTIONAL AND SOCIAL BACKGROUND

#### 3.1 Legislation relating to the motor vehicle repair, maintenance and distribution sector

With the exception of occupations connected with the sale of motor vehicles and fuel, all trades involved in the various, specialized areas of the motor vehicle branch belong to the craft trade sector.

The craft trade sector in the Grand Duchy of Luxembourg comprises 152 occupations which are largely manual, manufacturing equipment or providing services. A register of trades compiled in accordance with the Grand Ducal Regulation of 19 February 1990 lists these occupations, their function and their status.

In Luxembourg the craft trade sector is made up of 3,770 firms employing 41,495 people which represents about 25% of the working population of Luxembourg (1991 figures).

In accordance with the provisions laid down in the law on setting up in business of 28 December 1988, anyone wishing to work on a self-employed basis within the motor vehicle sector must hold an advanced training certificate or equivalent qualification.

The law of 2 July 1935 which sets out the requirements for obtaining the self-employed person's permit and the advanced training certificate when setting up in a particular trade, cites the advanced training certificate as evidence of qualification, and as a prerequisite for training apprentices in any of the trades belonging to the craft trade sector.

To gain admission to the advanced examination the candidate must:

- have received initial training leading to the CATP (Technical and Vocational Proficiency Certificate) or an equivalent qualification,
- have worked in the trade for a period of 3 years after passing the CATP,
- be 21 years of age.

The advanced training examination which corresponds to a course of vocational training at  $3/4$  level (EC nomenclature) consists of three parts:

- general theory including subjects connected with management techniques,
- vocational theory comprising technical and technological subjects,
- a practical consisting of manual tests.

The Chamber of Trades is responsible for organizing the examination.

Depending on the training course, the candidate may take either the full diploma examination or the staggered diploma examination.

The staggered examination which was introduced in 1968 is linked to a course of study spread over three years. The single examination requires the candidate to sit all subjects, both theoretical and practical, at the same time. However, attendance at courses prior to the single diploma examination is not obligatory.

It should, however, be mentioned that 95% of candidates choose the staggered examination.

On passing the examination, the candidate is awarded an advanced training certificate which is issued by the Ministry of Education on the strength of a certificate from the examining body testifying that the candidate has successfully completed the theoretical examinations in management, occupational theory and also the practical examination.

The advanced training certificate, therefore, which demonstrates a particular level of professional competence has a two-fold function:

– firstly to ensure that the entrepreneur has the knowledge and skills required to establish and manage a firm and that his customers will consider him competent;

– secondly to enable him to train apprentices for which his own training as a master-tradesman is of great importance not only in setting an example as an honest businessman but also in passing on theoretical, practical and educational knowledge.

The Grand Ducal Regulation of 15.09.1989, which establishes the comparability criteria as laid down in article 13(2) of the law of 28.12.1988, recognises certain other qualifications as being comparable to the advanced training certificate. They are diplomas confirming completion of a minimum three year course of study at university level or in higher education on condition that this is followed by a practical training period in the trade lasting between 1 and 3 years.

In the motor vehicle sector about 85% of entrepreneurs authorized by the government to manage a garage and repair workshop and to sell new and second hand cars hold an advanced training certificate, whilst about 15% have received government authorization to operate with equivalent qualifications as mentioned above. In particular, those firms employing more than 50 people are managed by holders of a university degree or certificate of higher education.

Anyone working as a self-employed car salesman, an occupation which comes under the retail sector, is required to hold either a CATP or a

practical proficiency certificate in the trade. Persons working solely as motor car salesmen do not come under the craft trades sector.

### **3.2 Restrictions on working hours**

Working hours for workers and employees are regulated by the law of 9 December 1970.

Normal working hours are 8 hours per day and 40 hours per week subject to any exceptions provided for under the above-mentioned law. In addition to these statutory provisions, there are collective agreements made by the social partners which regulate in greater detail overtime, night work and work on Sundays and public holidays.

### **3.3 Continuing vocational training**

#### **3.3.1 Institutional framework**

The Chamber of Trades is a public organization and all firms in the craft trades sector in Luxembourg are members. It is principally financed by contributions from the various affiliated firms. These contributions, which are calculated on the basis of the benefits drawn, are obligatory and are paid to the Chamber of Trades on an annual basis. In addition, these contributions are augmented by a certain percentage which is paid directly into a fund designed to assist people in obtaining qualifications and setting up in business. This fund is managed by the Chamber of Trades. Therefore, it could be said that firms make a collective contribution to the costs and the running of a complete infrastructure in terms of personnel, administration, and premises (the Chamber of Trade's "Training Centre"), thereby lending tangible support to both the content and the organization of continuing training courses. The cost to each individual firm for participation in the Chamber of Trades' training scheme has, therefore, until now been maintained at a relatively modest level.

At the request of the Ministry of Education, the social partners are currently involved in drawing up guidelines for a framework law designed to regulate the following aspects of continuing training: access, financing, safeguarding investment in training, and certification.

In addition, since 1 January 1993, Luxembourg has a "National Institute for the Development of Continuing Vocational Training". It is jointly managed by representatives from the state and professional bodies (both employer and employee).

#### **3.3.2 Collective bargaining background and the role played by the social partners**

Collective working relations and collective bargaining are laid down in the law of 12 June 1965 relating to collective bargaining agreements.

The law states that a collective bargaining agreement is a collective agreement on working relations and general working conditions concluded between, on the one hand, one or more trade union(s) or group of employees strongly represented at national level, and, on the other hand, either one or more employer organization(s) or a particular firm or group of firms involved in the same activity or a group of firms involved in the same trade.

Under Luxembourg law those trade unions most strongly represented at national level have a monopoly which gives them the right to sign collective bargaining agreements.

In 1992, of the 232 collective agreements recorded, 166 related to workers and 66 to employees. Ninety-two percent of collective bargaining agreements are drawn up with the participation of at least one of the two most important and widely represented employee trade unions, the OGBL (Confederation of Independent Trade Unions), a liberal trade union, and the LCGB (Confederation of Christian Trade Unions), a Christian trade union. These 2 trade unions group together all categories of employee regardless of their professional status or to which sector they belong. As far as collective work relations are concerned, the law on collective bargaining agreements lays down a series of optional and obligatory clauses upon which the agreement must be based. For the most part these clauses refer to working conditions and remuneration. However, the list is not exhaustive. Continuing vocational training – an area which is not covered by the law – may also be the subject of negotiations at collective work agreement level resulting in the inclusion of clauses on continuing vocational training which, from that time on, bind the two signatory parties.

It should, however, be stressed that there is no collective bargaining agreement which in any way denies the right of automatic access to continuing vocational training. Clauses in collective bargaining agreements which make reference to training do not come under the heading "continuing vocational training" in the true sense of the word. Certain clauses, however, which apply to training courses are embodied in specific legislation (for example: training staff representatives). It is apparent, nevertheless, that many firms provide their staff with continuing vocational training without this being envisaged in a collective agreement. If the head of a firm takes the decision to organize training or retraining courses it is usually he who bears the costs. Similarly employees do not suffer loss of salary because they have been involved in training during working hours.

### 3.3.3 Continuing vocational training in the motor vehicle sector

In Luxembourg there is no law or Grand-Ducal Regulation on continuing vocational training in firms belonging to the motor vehicle sector.

Firms involved in the repair or distribution of motor vehicles are grouped together by their professional bodies. The 2 main bodies are FEGARLUX (Federation of Garage Owners) and ADAL (Association of Automobile Distributors). About 95% of firms in the craft trade sector are affiliated to their professional bodies.

FEGARLUX and ADAL, as representative employer organizations, are empowered to conclude collective agreements with the major trade union organizations, in this case the OGBL and the LCGB.

In this connection it should be mentioned that the collective agreement relating to the service station sector which was renewed in 1991 states that: "Employees who have completed a continuing training course in motor vehicle electronics or electrical engineering at the Training Centre at

Helftenbruck will receive either an increase of 2% in their current annual salary or a 5% increase for hourly paid workers, if they can produce a certificate showing that they have successfully completed one or other course".

This continuing training course, introduced by the Chamber of Trades which is the professional body responsible for the craft trades sector, is based upon 4 training modules, each module lasting 40 hours, entitled KFZ ELEKTRIK I-II and KFZ ELEKTRONIK I-II.

In general it is true to say that professional bodies, both employer and employee, play a key role for their members in the development of continuing vocational training. For many decades the Chamber of Trades has been organizing numerous courses and seminars in continuing vocational training for the benefit of employers and employees in the craft trade sector which includes firms in the motor vehicle sector. This policy is dictated by the need for training and furthermore by the desire to motivate and convince all those involved of the importance of continuing vocational training in the interests of developing firms and workplaces.

## 4. EMPLOYMENT AND WORK

In 1991 a total of 3,806 workers and salaried employees were employed in the motor vehicle sector in the Grand Duchy. This figure represents 10.5% of the total number of workers and employees in the craft trade sector.

Table 8 – Increase in the number of workers and salaried employees between 1970 and 1991.

With reference to the most typical occupations in the branch

	1970	1980	1985	1991
Car and motorbike mechanics	1,314	2,383	2,605	3,237
Coachbuilders and repairers	37	39	66	92
Panel beaters	21	30	76	85
Motor vehicle electro-mechanics	41	78	68	70
Machine and industrial plant mechanics	-	-	53	96
Service station managers	46	102	118	178

Table 9 – Increase in the number of workers and salaried employees according to nationality with reference to the most representative occupations

Nationality	1970	1980	1985	1991
Luxembourg	856 59%	1,548 59%	1,678 53%	1,726 46%
Foreign	603 41%	1,076 41%	1,324 44%	2,029 54%

It is apparent from these tables that:

– in general, there has been a steady increase in the number of people engaged in occupations connected with motor vehicles;

– between 1970 and 1980 the proportion of foreign to indigenous workers remained more or less constant before seeing an increase in the number of foreign workers between 1980 and 1985, only to be completely reversed between 1985 and 1991.

In comparison with 1970 the number of indigenous workers rose by 101.5%. This figure was, however, greatly exceeded by the increase in the number of foreign workers which rose by 236.4% during the same period.

By taking the example of the car and motorbike mechanic the figures in the following tables give an overall impression of the change in patterns of employment with reference to professional status, whether worker or salaried employee (number, gender, nationality and distribution depending on the size of the firm).

Table 10 – Increase in the number of salaried employees according to gender and nationality.

Car and motorbike mechanics

Employees	1980	1985	1990	1991
Male employees	344	435	528	589
Female employees	160	214	289	334
• Luxembourg	425	487	602	657
• Foreign	79	162	215	266
Italian	19	53	44	43
French	18	46	77	89
German	16	25	17	24
Belgian and Dutch	18	27	38	54
Portuguese	1	7	30	44
Spanish	2	0	1	3
Other nationalities	5	4	8	9

Table 11 – Increase in the number of salaried employees according to the size of the firm.

Car and motorbike mechanics

Employees	1980	1985	1990	1991
Total no. of employees	504	649	817	923
Without employees	0	3	8	7
1-4 employees	0	51	55	69
5-9 employees	0	54	60	75
10-19 employees	0	128	212	228
20-49 employees	0	167	215	272
over 50 employees	0	246	267	272

Table 12 – Increase in the number of workers according to gender and nationality.

Car and motorbike mechanic

Employment	1970	1980	1985	1990	1991
Male workers	1,282	1,817	1,867	2,136	2,219
Female workers	32	62	89	88	95
• Luxembourg	775	1,015	1,008	890	864
• Foreign	539	864	948	1,334	1,450
Italian	267	281	266	233	239
French	46	81	113	254	287
German	61	70	87	134	146
Belgian and Dutch	38	45	68	130	127
Portuguese	73	326	334	494	551
Spanish	15	19	26	29	32
Other nationalities	39	42	54	60	68

Table 13 – Increase in the number of workers according to the size of the firm.

Car and motorbike mechanics

Employment	1970	1980	1985	1990	1991
Total no. of workers	1,314	1,879	1,956	2,224	2,314
1-4 workers	219	216	236	218	219
5-9 workers	144	397	346	319	354
10-19 workers	333	335	442	601	547
20-49 workers	371	426	400	432	539
over 50 workers	247	505	532	654	655

1.

By examining these tables it is possible to identify several trends which are characteristic of the motor vehicle sector in the Grand Duchy of Luxembourg:

- it seems, at least according to the figures, that employment in the motor vehicle sector has been and will in the foreseeable future remain a male-dominated occupation. This is all the more striking in view of the fact that, while efforts have been made to attract more women to occupations with a manual bias, for example, car and motorbike mechanic and auto electrician, the percentage of women employed in this field showed no significant increase between 1970 and 1991. Indeed, the level never exceeded the 5% mark. Given that the imbalance between male and female workers is not reflected in the areas of administration and sales, it may be concluded that this trend has not arisen because women fail to be attracted to the motor vehicle sector in general but because they are apprehensive about the technical side to the occupation. This conclusion is supported by case studies in two firms which clearly show that company directors are in favour of integrating women into the workforce;

- as far as the nationality of the workers is concerned, the period 1985 to 1990 showed a complete reversal in the proportion of foreign workers (52% Luxembourg nationals to 48% foreigners in 1985 compared with 38% Luxembourg nationals to 62% foreigners in 1991). This trend away from Luxembourg nationals worked to the advantage of the following nationalities in particular:

- Portuguese : increase of 64%
- Belgian : increase of 87%
- French : increase of 154%
- German : increase of 68%

In view of Luxembourg's specific geographical position, problems related to employment in general and to the motor vehicle sector in particular are greatly influenced by the economic and social conditions characteristic of border regions. Any changes in the economic development of these border regions will inevitably affect the structure of employment in the sector.

What holds true for workers is not, however, the case for salaried employees. In fact, the table showing the increase in the number of employees clearly demonstrates that the number of Luxembourg nationals with salaried employee status has constantly remained well above that of foreigners.

It can be concluded that Luxembourg nationals are increasingly attracted to jobs in sales, management and administration.

No studies or statistics are available which specifically deal with employment patterns among qualified personnel. However, an internal document has been produced by the Chamber of Trades which examines average hourly rates of pay in the craft trade sector from which it may be established that the proportion of skilled to unskilled labour stands at 70% to 30%. From among those recognized as qualified the following levels of qualification can be identified:

- personnel holding advanced training certificate/certificate of higher technical education, etc. (level 3/4: EC nomenclature) approx: 10%
- personnel holding CATP or equivalent, etc. (level 2: EC nomenclature) approx: 70%
- personnel with more than 10 years' practical experience in the trade approx: 20%

The high level of skilled personnel on the one hand, and the alarming drop in the recruitment of skilled personnel on the other hand has led to the following slogan: *skills call for skills*. This state of affairs can only be resolved by the systematic development of continuing training.

From now on, continuing training schemes will focus on the non-skilled workforce which consists largely of Portuguese immigrants. This enables this group of people to acquire a basic level of qualification which should also help them to integrate both at work and socially.



## 5. CHANGING CONDITIONS AND THE IMPACT ON THE SKILLS AND TRAINING OF SALARIED EMPLOYEES

Despite the small size of the country, its relatively small population and its geographical location, crammed in between three neighbours all larger in geographical and demographic terms, the Grand Duchy of Luxembourg was already experiencing European integration long before the term existed. In fact the whole of the country can be regarded as a triple frontier zone.

Thus, well in advance of their peers in other countries, the heads of Luxembourg firms were

faced with the need to be competitive and introduce new strategies etc.

For several years now the Chamber of Trades has seen a large number of people from the motor vehicle sector (company directors and executives) taking part in its management courses (management, finance, business strategy, personnel management, etc.). Case studies in two companies also show that these firms regularly take part in similar courses organised by foreign manufacturers.

# 6. TRAINING AND RECRUITMENT

1.

## 6.1 The initial system of vocational training

### 6.1.1 The legal framework: the law of 4 September 1990 reforming technical secondary education and continuing vocational training.

Article 1 of the law of 4 September 1990 states that technical education, in close cooperation with the world of business, must prepare students for working life by offering them general, social, technical and vocational training. It also paves the way for advanced courses of study.

Technical secondary education is organised on three levels:

- a lower level lasting 3 years which commences at the end of the 6th year at primary school:
- an intermediate level consisting of:
  - a practical trades branch normally lasting 3 years;
  - a technician trades branch normally lasting 2 years;
  - a theoretical trades branch normally lasting 2 years;
- a higher level consisting of:
  - a technician trades branch normally lasting 2 years;
  - a theoretical trades branch normally lasting 2 years;

At the end of the intermediate level the student will have finished his apprenticeship in his chosen occupation or profession and is ready to continue his studies at a higher level.

### 6.1.2 Technical secondary education

#### 1. The practical trades branch or "apprenticeship".

- The CATP<sup>10</sup>

Apprenticeship is a system of alternance training which is comparable to the German "Duales System". It corresponds to the traditional strand of vocational training.

The practical trades branch leads to a professional qualification, namely, the technical and vocational proficiency certificate (CATP). The practical trades branch offers three training paths:

- parallel training: practical training over a period of 3 years in a firm as an apprentice but also attending a vocational course at a technical college (in principle 8 hours per week);

– mixed training: either one theoretical class normally followed by two parallel training classes, or two theoretical classes followed normally by one parallel training class (the apprentice attends vocational classes at a technical college on a full-time basis over a period of one or two years and completes the remainder of his initial training as an apprentice in a firm);

- theoretical training normally lasts 3 years (training takes place exclusively in school).

The list of occupations and professions and the recognised route for attaining them are laid down by Grand Ducal Regulation after consultation with the professional bodies concerned.

In the motor vehicle sector the occupations of panel beater, car painter and coachbuilder are learned by following a course of parallel training, while car and motorbike mechanics, auto-electricians and machine and industrial plant mechanics follow the mixed training course.

The practical trades branch consists of the following sections:

- agricultural apprenticeship
- craft trades apprenticeship
- commercial apprenticeship
- apprenticeship in the hotel and tourist industry
- industrial apprenticeship
- domestic science apprenticeship
- paramedical and social work apprenticeship

The apprenticeship is organised by the Ministry of Education in conjunction with the professional bodies concerned.

At the end of the apprenticeship the apprentice sits a final examination leading to the CATP, a certificate which is conferred jointly by the professional bodies and the Ministry of Education.

The CATP is a final examination.

Holders of the CATP are entitled to follow studies which lead to the advanced training certificate in their specialised area of training.

- The CITP<sup>11</sup>

The reform of technical secondary education in 1990 took account of the fact that certain pupils have limited capabilities. For the benefit of these pupils a special course of training has been introduced, known as "two-tiered apprenticeship". The first level covers a period varying between two and four years. Normally the apprentice signs an apprenticeship contract with

<sup>10</sup> Certificat d'Aptitude Technique et Professionnelle (Technical and vocational proficiency certificate)

<sup>11</sup> Certificat d'Initiation Technique et Professionnelle (Preliminary technical and vocational aptitude)

a firm. At the same time he receives theoretical instruction at a technical college at his own pace. This modular system leads to the CITP (preliminary technical and vocational certificate)

The CITP offers a basic level of training. After passing it, the apprentice should nevertheless be encouraged to embark on the second level which in turn leads to the CATP.

Beginning with the school year 1993/94 a training course leading to the CITP will be introduced. It will take the form of a pilot scheme and will be open to those wanting to become car and motorbike mechanics. During initial vocational training which takes place on-the-job, the apprentices are paid a wage by their employer.

### 2. *The technician trades branch.*

This is a full time course which prepares students for technician studies. It aims to produce more highly skilled workers thanks to a more advanced vocational training than the CATP.

From 1993/94 onwards a new training course will be offered, namely a technicians' certificate for car and motorbike mechanics.

### 3. *The theoretical trades branch.*

This training path leads to the technical baccalauréat, which is the technical secondary school leaving certificate. The certificate recognises that students have acquired the necessary knowledge to embark on higher education.

## 6.1.3 Post-secondary education in Luxembourg

After passing the secondary school or technical secondary school leaving examination, students may continue their studies either in Luxembourg or abroad.

In Luxembourg post-secondary school education consists among other things of the following:

- a first year university course at the Centre Universitaire in Luxembourg in the following departments: arts and humanities, science, medicine and pharmacy;
- a three year course at the Higher Institute of Technology. This is an institute of higher education which aims to offer higher technical education designed to prepare students to assume posts as technical managers in the areas of production, applied research and services;
- a two-year course of study leading to the BTS (advanced technicians certificate) in accounting

and management, secretarial studies, or animated design and marketing;

- a two-year course of higher study in management and management computing at the Centre Universitaire in Luxembourg.

## 6.2 Continuing vocational training

At the present time in Luxembourg there is still no legislation which covers all the questions relating to continuing vocational training. Some areas are covered by the law of 4 September 1990 which introduced reforms into technical secondary education and continuing vocational training and which stipulates that continuing vocational training may be organized by:

- the Ministry of Education
- professional bodies
- the communes
- private organizations authorized by the Minister of Education.

Given the opportunities offered by the above-mentioned bodies, it can be seen that a wide and varied range of training is available.

For more than 30 years now, the Chamber of Trades through its "Centre for Promotion and Research" has been running skill-upgrading courses which constitute real continuing training opportunities for heads of firms in the craft trade sector and their employees.

The content of the further training courses takes account of requests or suggestions arising directly in the work situation and relates to new working methods and company organization, new procedures, technical and technological equipment and new material. All these courses are subsidized by the Ministry concerned.

In the motor vehicle sector the following new training initiative should be mentioned:

- the introduction of complementary training in auto-electronics divided into 4 modules. Employees from firms of auto-mechanics who have successfully completed this course of training will, in accordance with a collective agreement, receive a wage increase amounting to 2% of their annual salary or a 5% increase in their hourly rate.

Finally it should be mentioned that, due to rapid technological progress in the motor vehicle sector, in-company training is highly developed and is constantly being improved although there is no legal obligation for companies to provide their employees with continuing vocational training. However, the amount of money invested in training is not always clearly identifiable and comparisons are difficult.

### 6.3 Recruitment

Table 14 – Increase in the number of apprentices enrolled annually in the register of the Chamber of Trades between 1970 and 1991, with reference to the occupation of car and motorbike mechanic.

	1970	1980	1981	1982	1983	1984	1985	1991	1992
Total number of apprentices	–	483	429	411	435	326	315	84	85
(new annual enrollment)	58	145	115	151	122	39	45	30	43

From the above table it can be seen that:

- generally speaking the occupation of car and motorbike mechanic met with no recruitment problems until 1983;
- in 1983 there was a sharp decline in the number of apprenticeships from 122 to 39. This was a general phenomenon in the manual crafts sector where the overall number of apprenticeships fell from 778 to 339. This regrettable change was due to both a very narrow guidance and observation system for 12 to 15 year olds and an increasingly negative demographic trend.

This alarming fact means that, at the present time, firms in the sector are unable to attract apprentices in adequate numbers or of adequate calibre.

The future of the motor vehicle sector is therefore threatened by a huge deficit in the number of people qualified up to the level of the CATP, with all the related consequences both direct and indirect, and more particularly with regard to productivity. As a result, great efforts are required at the recruitment level.

Given that firms are able to attract fewer and fewer employees with a CATP qualification, they are to a large extent forced to take on workers without the necessary qualifications. It follows that continuing training will in future play a central part in company strategy, all the more so since technological progress will be accelerated in the future.

# CONCLUSION AND OBJECTIVES

1.

Success on the domestic market depends largely on training future entrepreneurs who are capable of meeting the challenge of increasing competition by adopting appropriate strategies such as cooperating with foreign firms and increasing exports. Indeed, if too much time is spent on the legal aspects of cooperation, although it is of course important to be aware of them, we risk adopting a passive or, what is worse, protectionist attitude.

entrepreneurs of the need for qualification. More so than any protectionist, technocratic or bureaucratic policy, it will be a prudent and voluntary policy towards qualification which aims at bringing into line the level of competence among heads and directors of firms that will create harmony, compatibility and the vision which are crucial at the dawn of a Single Market regulated by standard rules.

While waiting for some firms to liberalize their conditions of access to various occupations and for others to increase the level of qualification required which allows access to the same occupation, those with some initiative are likely to be on the way up. So, suffice to say that any attempt at responding to prevailing problems and anxieties by pursuing a policy founded on fear or veto has never met with success. On the contrary, this has only had the effect of maintaining and aggravating existing weaknesses and deficiencies.

The importance of the problem is underlined by the fact that the development of any regional policy which aims for maximum economic and social cohesion can only be achieved if it rests upon a stable foundation of dynamic and competitive small and medium-sized businesses. Because, in fact, establishing small and medium-sized firms requires future company directors and employees who are competent. And for future company directors and employees to be competent they must be qualified. And in order for future company directors and employees to be qualified there must be qualification for future company directors and employees. Which brings us back to our initial thesis, namely the crucial importance of qualification.

The only realistic and positive way forward in the face of an ever-changing situation is to convince

## **PART 2:**



**Case Study No. 1**

**Case Study No. 2**

**Annex**

# CASE STUDY No. 1

2.

**Size of company:** III

**Brand name:** SAAB

**Category of automobile:** A

**Type of firm:** B

## 1. Description of the case

(the firm in question is referred to as X for the purposes of the case study)

Firm X imports SAAB motor vehicles. Importation is undertaken by a general importing agent which has its head office in Belgium. Firm X, therefore, operates as an authorized dealer for the SAAB make of vehicle.

The activity of firm X may be summed up as follows:

- motor vehicle importation through a Belgian general importing agent
- motor vehicle sales
- motor vehicle repair and maintenance

Firm X has chosen, from a legal point of view, to trade as a joint stock company. It is quite a young company (barely 20 years old) and the firm's development is closely linked to that of its founder, Mr. X. The firm is relatively small and has in many ways retained a family atmosphere (see the roles played by Mr. X and his wife, Mrs. X, as described in chapter 2).

The firm's particulars are noted below:

**Company Name:** Garage X and Co. Private Limited Company

**Head of the Firm:** Mr. X

**Location:** North of Luxembourg

**Make of vehicle:** SAAB

**Number of employees:** 20 (including the owner and his wife)

**Year established:** 1975

## 2. General description of the firm

### • History

Firm X which is the subject of the present study has seen a marked development over the years. The firm, as it stands today, is the result of the hard work and careful planning of its owner. In fact, the development of the firm is closely and inextricably linked to the career and professional success of its owner, Mr. X, and is a true reflection of his

achievement. Firm X in its current form was created out of nothing so that its owner, Mr. X, can be regarded as a typical example of a self-made man, a breed which is becoming increasingly rare, not only in the motor vehicle sector but also among heads of firms in general.

It was in 1969 that Mr. X went into the motor vehicle sector. Starting with only 2 employees he ran an ARAL service station in a small place in the eastern part of the country. He worked there for six years. To begin with he was an authorized dealer for VOLVO (1970-1973) and then in 1973 he became an authorized dealer for SAAB.

In 1975, Mr. X left these premises in order to open a motor vehicle repair workshop in the same area. At the time it was considered one of the most modern in the country and he was working with a team of about 10 people.

The firm was very successful to the extent that Mr. X was forced to move again as the workshops and technical installations proved too small in the face of an ever increasing number of customers. Mr. X, being a good manager and planner, did not hesitate in starting a second phase of expansion, this time in new premises and in a new location, establishing his firm in the northern part of the country in new workshops which were both more modern, more functional and equipped with the complete infrastructure necessary for the sales, repair and maintenance of motor vehicles.

### • Personnel

At the present time the firm employs around 20 people (including the owner, Mr. X, and his wife). The staff can be divided into several categories depending on their job:

- management: Mr. and Mrs. X
- repair workshop: 12 employees (including 2 supervisors, 8 mechanics and 2 coachbuilders)
- administration of the shop: 2 employees (1 sales assistant and 1 apprentice)
- sales: 2 employees
- office staff: 2 employees (one of whom is secretary to the management)

### • Foreign workers

No fewer than 7 nationalities are represented in the staff of 20. They are German, Belgian, French, Dutch, Italian, Albanian and Luxembourg. There are 7 people with foreign nationality, that is 35% or more than one third of the total workforce.

The problems which can arise from a situation where the employees' backgrounds are so numerous and diverse are the subject of discussions at internal meetings which take place regularly and in which the staff are invited to participate.

- *Part-time employment*

Part-time employment is not particularly encouraged or developed.

- *Employment of women*

In principle there is no barrier to employing women provided they have the same qualification as men. Any problems which could arise from bringing a woman into a team of essentially male workers are discussed at internal meetings.

- *Customer relations*

The client is central to all aspects of the firm. Every employee with responsibility maintains direct and continuing contact with the client in order to give the best service possible. This policy is backed up by an organization chart specially designed for the purpose which is used in the day-to-day management of the firm.

Over the years firm X has systematically introduced concrete methods for improving customer relations. These may be regarded as unique, at least from the point of view of scale and their faithful reflection of the firm's policy on matters concerning customer relations.

- A shuttle service between the railway station and the city centre on the one hand and the garage on the other. The garage is situated at least one kilometre from the city. This service is provided by the firm specifically for its customers;
- Direct contact with the head of the firm, Mr. X, and other members of staff, all highly qualified and motivated (in this regard see staffing policy and training policy in the firm);
- Computer-assisted fault diagnosis in an ultra-modern workshop called the "Diagnostic Centre" in the presence of the client and followed by the client's signed agreement once he has been given detailed information as to the faults found and the work required to eliminate them.

- *Technical infrastructure*

Thanks to the most up-to-date and sophisticated tools and equipment for diagnosis, repair and maintenance, along with staff who are continually being trained in these areas, it would appear that firm X could not be better prepared for consolidating its position, and indeed, strengthening it in the new Single European Market.

Thus firm X is equipped with one of the most advanced testing stations, using a real testing track which is not only able to detect fixed values but also, by means of simulation, values which

normally only show up when the vehicle is being driven.

It goes without saying that at a general level firm X is well-equipped with the technical machinery and the professional know-how needed, on the one hand, to give satisfaction to customers who are becoming increasingly demanding and, on the other, to comply with the standards imposed by the manufacturer.

- *Remuneration policy*

Individual remuneration is linked to principles of motivation and levels of responsibility. It consists of one part which is fixed (which incidentally exceeds the levels laid down by the collective bargaining agreement for the sector) and another part which is variable. Here the level of remuneration is essentially dependent on the individual performance of each employee who thereby has the possibility of influencing his level of pay.

Although firm X does not pay a fixed 13th month's salary, the sum of the different bonuses can be as much as or even more than an extra month's salary.

- *Working conditions*

Working conditions in the firm are regulated by a collective bargaining agreement concluded between FEGARLUX (Federation of Garages in the Grand Duchy of Luxembourg) on the one hand and the OGBL (Confederation of Independent Trade Unions) and the LCGB (Confederation of Christian Trade Unions) on the other. The following points are subject to this agreement:

- hiring and dismissal of employees, including appropriate arrangements for training;
- working hours;
- overtime, working on Sundays and statutory holidays;
- annual leave and public holidays;
- salaries related to professional category including a sliding scale which allows levels of pay to be adjusted according to fluctuations in the consumer price index, in line with levels of pay in the public sector. This means that an increase or drop of 2.5% in the cost of living during the previous six-month period is automatically reflected in a corresponding increase or drop in the level of salary laid down in the agreement.

It should be mentioned that the law on collective agreements stipulates that conditions of employment and remuneration for managers are not the same as those laid down for junior employees.

It must, however, be stressed that working conditions regulated by collective agreement, in particular those relating to working hours, annual



leave, overtime, hiring and dismissal correspond to the minimum standards laid down in the laws and regulations covering working conditions and the protection of employees.

- working hours                      40 hours per week and 8 hours per day
- number of days annual leave                      25 days per year
- number of statutory holidays                      10 days per year

Attached is a list of fixed salaries for garage employees laid down by collective agreement and applicable as from 1 August 1992.

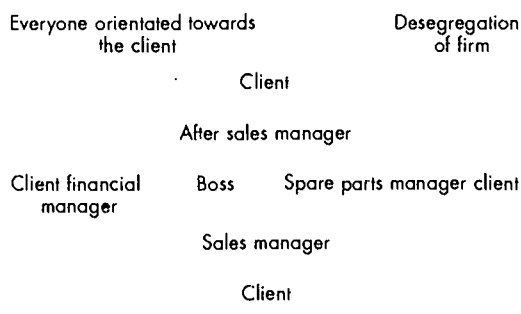
• *Organization of the firm*

The internal structure and organization of firm X is the reflection of a desire to decentralize the firm and to maintain an open mind towards the customer. For this reason the organization chart which shows the different levels of seniority and responsibility does not assume a vertical or horizontal form as is customary, but presents a completely original idea.

Indeed, the internal organization plan in the shape of a star allows, on the one hand, the different departments in the firm to have direct dealings with the clients, and on the other hand it affords the client direct and personal access to the people responsible for the different departments. In this way compartmentalization, centralization and anonymity give way to openness, a sense of responsibility and an individual and personalized service.

This type of organization would, however, be inconceivable without positive policies towards staff and training.

Decentralization and encouraging responsibility go hand in hand with the efforts that have been made in the areas of staff motivation and training. Transfer or delegation of responsibility away from the head of the firm towards the different supporting departments could not have taken place successfully without the parallel reinforcement of skills (see "Training") and material incentives.



A traditional organization chart does not show the client, and yet it is difficult to imagine a firm without clients.

**3. Institutions which offer courses in continuing vocational training**

The main organizations offering continuing vocational training are the professional bodies, in particular the Chamber of Trades. For specific training courses firms may also approach other training institutes for example the OLAP (National Institute for the Development of Continuing Vocational Training), etc. ...

Firms are also encouraged to become involved in internal training courses (technology, administration, management, etc. ...) which are run by the manufacturers who have their own trainers for this purpose.

The latter take place either in the firm or abroad at the premises of the manufacturer in special training centres (the exception is one sole Luxembourg firm which operates as a general importer and which has its own independent training centre in Luxembourg).

It should also be mentioned that firms in the sector hardly ever use foreign training organizations whether private or public.

**4. Policy on continuing vocational training**

**4.1 Role of continuing vocational training in the administration of the firm.**

The main criterion when selecting candidates as potential employees is, without doubt, that of qualification. However, given the alarming shortage of qualified personnel in the craft trades sector in general and in the motor vehicle sector in particular, firm X, like all other firms, has no choice but to hire people who are unable to offer all the necessary qualifications, and then train them further either in-house or by sending them on training courses run by training organizations, in particular the Chamber of Trades.

Taking part in continuing training courses has two objectives:

- to fill the gaps in initial training;
- to maintain standards among employees with particular regard to:
  - technological development: new materials, new fittings (airbag...), car electrics/electronics/computer installation, etc.;
  - new ideas in the field of company management.

It goes without saying that the level of knowledge required both of technical and administrative staff is growing at an increasing rate.

As a result, continuing training plays an extremely important role in the efficient and profitable running of a company.

#### **4.2 Training projects and initiatives at shop-floor level**

In the same way as the owner himself has recognized the importance of highly qualified staff and has therefore invested in continuing training, the manufacturer too ensures that all firms dealing in SAAB vehicles regularly and systematically take part in the specific training courses arranged at their own expense and with their own trainers.

It is, therefore, on the one hand, the owner who defines his own policy on training and, on the other hand, the manufacturer of SAAB who makes a certain number of demands in relation to participation in training courses.

However, firm X does not at the present time have a training plan in the proper sense of the word. It is the owner himself who organizes participation in courses and seminars and who selects the candidates (either at his own initiative or at the request of an employee). This is done, by examining the merits of each case, albeit without an established training plan, but by avoiding interference to the smooth running of the firm.

#### **4.3 Relationship between the plans and the demands for vocational training**

Information for employees on in-house or inter company training courses which they may be expected to attend are announced at staff meetings or by letter from the owner to the individual(s) concerned.

The employee also has the right to take the initiative and to approach the owner directly if he considers it would be useful to participate in a particular training course. Nevertheless, the employee is not able to demand participation in training courses. The final say is left to the owner who makes such decisions on the strength of manufacturer constraints, the needs of the firm in terms of qualified personnel and the desire to encourage a dynamic and motivated workforce.

#### **4.4 Groups selected for vocational training**

Firm X has adopted a varied policy towards continuing training which consists of both organized in-house training and participation in training courses in other companies either in Luxembourg (e.g. through the Chamber of Trades) or abroad at the premises of the manufacturer. Certain training courses are voluntarily organized by the firm itself, others are imposed by the manufacturer. Employees who take part in training outside the firm are usually required to pass on what they have learned to other employees on

their return. This takes place at a specially arranged meeting so that as many employees as possible can benefit from the knowledge and skills which have been acquired.

Most of the training courses which are arranged abroad take place at the premises of the manufacturer. These may equally be technical or management courses relevant either to the employees or to the owner himself. Generally a certificate is awarded at the end of these training courses either to the individual who has taken part or to the firm.

Some of these courses are obligatory, that is to say that the firm is required by the manufacturer to send at least one person from the firm for specific training (e.g. SAAB-Master-Course). In the case of firm X, the owner decided to send two extra people on the course. This was a substantial number in terms of a total of 20 employees.

The owner himself is also taking part in an optional management course arranged by the manufacturer (20 days in total).

As far as the training courses are concerned which take place within Luxembourg but outside of the firm, these are usually organized by the Chamber of Trades. They are either independent management courses, or courses which are arranged together with the Ministry of Education and may be designed for administrative or technical staff. Mr. X regularly sends employees on these courses and also takes part himself.

Intra-company training necessarily follows a pattern which aims not to interfere with the smooth running of this type of family firm. Therefore most of the courses take place on a Saturday morning and employees can choose whether or not to attend.

Firm X also fulfils its responsibility in training apprentices (see the "dual" system). Indeed, over the last twenty years, firm X has trained no less than 20 young people, that is, on average, 1 per year.

#### **4.5 Vocational training programmes**

*General:* see point 4.2

*Internal/external training:* see points 4.4 and 4.5.1 of Case Study no. 2.

*Part played by the social partners:* see point 4.5.2 of Case Study no. 2.

#### **4.6 Costs of continuing vocational training**

The training budget is earmarked in a special account called "Vocational Training" and amounts to between 0.7% and 1% of the total payroll (this figure does not include the costs of training new employees or the diffusion of knowledge at internal training sessions, etc.).

However, there is no budgetary provision to cover the costs of training. Decisions are made on an individual basis by the owner himself.

### 5. Assessment

In the case of firm X there is no specific policy on training in the sense that there is no real training programme and no training budget. However, it cannot be concluded that continuing training is a haphazard affair.

On the contrary, Mr. X has adopted an approach and a pattern of continuing training which is totally adapted to the needs of his company. His approach is based on the two following principles:

- to comply with the requirements of the manufacturer (SAAB) in the fields of administration, management and technology;
- to develop a sense of responsibility by partici-

pating himself and by either sending or allowing employees to take part in training courses organized by other trainers, and also by ensuring that knowledge is shared through internal training sessions.

It is apparent that continuing training helps to establish a skilled workforce who thus ensure that the firm can respond to new challenges in terms of administration, organization, technology, the environment, the needs of the client, etc.

There is no direct link between an employee's participation in a training course and his promotion within the company. The most important aspects are qualification and competence which in turn are inextricably linked to regular participation in training courses. Although taking part in continuing training does not automatically give the employee direct rights, it can, however, be said that in the medium to long term it is likely to have a positive effect on his professional career.

# CASE STUDY No. 2

2.

**Size of company:** V

**Brand name:** MERCEDES

**Category of automobile:** A B

**Type of firm:** B

## 1. General description of the case study

This case study relates to one of the largest firms in the motor vehicle sector in the Grand Duchy of Luxembourg. The company in question is Garage Meris & Co., general importer of Mercedes-Benz vehicles, and a direct descendant of the "Garage Jean Wagner", founded in 1871 at Diekirch as a firm of coachbuilders. This, at the time, represented the first partnership which Mercedes-Benz had with a foreign firm. In those days the firm manufactured stage-coaches and by 1890 it employed between 15 and 18 workers. In 1906 Mr Jean Wagner signed a representative's contract with Benz & Co. of Mannheim and thereby, 89 years ago, his firm became the first foreign general importer of "Benz" and later "Mercedes" vehicles. The founder's work was continued by his son, Mr. Jean Wagner Jr. and then in turn in 1959 by the latter's daughter and son-in-law, Mr and Mrs René Meris-Wagner, who in 1959 built a large garage with repair workshop in Luxembourg-Ville in order to provide a better service to clients in the central and southern part of the country. The garage in Diekirch was, of course, retained.

In 1979 Meris-Wagner built a large, new garage for private and light commercial vehicles in Luxembourg-Hollerich, which is the subject of the present study. In 1986 the firm in question built another ultra-modern garage called "Garage Jean Wagner" in Diekirch with the aim of offering a first-class service to its customers in the north of the Grand Duchy.

Currently the Mercedes-Benz network in the Grand Duchy of Luxembourg consists of three firms: "Garage Meris & Co." situated in Luxembourg-Hollerich, which specializes in private cars and light commercial vehicles; "Garage R. Meris-Wagner" situated in Luxembourg-Ville which specializes in commercial vehicles; and "Garage Jean Wagner" situated at Diekirch which is engaged in the distribution and repair of private and commercial vehicles. These three firms, of which Meris & Co. is the largest, currently employ around 200 people.

Vehicles distributed by these three companies range from the private car to every sort of heavy goods vehicle and from vans and buses to heavy Unimog vehicles which are capable of carrying all kinds of special equipment.

## 2. General Description of Meris & Co.

### 2.1 Structure of the firm

Meris & Co. is a general partnership company and since 1981 has been operating as a garage with repair workshop thereby responding to the development of new technology in Luxembourg-Hollerich. As previously mentioned in point 1), the firm is engaged in the import, sales and maintenance of private cars and light commercial vehicles manufactured by Mercedes-Benz. The firm R. Meris-Wagner, also situated in Luxembourg-Ville, acts as importer and distributor of commercial vehicles. The firm Jean Wagner, situated in Diekirch, also belongs the Mercedes-Benz network in the Grand Duchy and is a subsidiary of the company under examination.

Meris & Co. is by far the largest firm in the network. Its premises cover an area of 22,500 square meters of which 10,300 square meters consist of buildings. It employs 132 people while the other two firms each employ between 35 and 50 people.

The organization chart of Garage Meris & Co. may be shown as follows:

<b>Direction</b>		
Chairman		
Managing director		
<b>Management</b>		
General control		
Sales director	Admin. & finance director	Technical director
<b>Personnel</b>		
administrative and commercial staff	administrative staff human resources accounting marketing computing general admin reception	technical staff technical inspector foreman section head spare parts technical adviser

There are five company directors, all with university degrees. They are responsible for the direction and the management of the firm.

### 2.2 Personnel structure

- Meris & Co currently employs 132 people, of whom 83 have blue-collar status and are assigned to after-sales service in the mechanical and coachbuilding workshops and in the spare parts department. Forty-nine have white-collar status and are assigned to the administrative and sales departments.

- In real terms the number of workers has risen since 1982 by 51, representing an increase of 60%. During the period 1987 to 1992 the increase was 47%. The number of white-collar

workers rose by around 52% during the period 1982-1992. The firm only employs a few women, all of them involved in the areas of administration and finance.

• *In terms of nationality* the company's workforce can be broken down as follows:

Luxembourg nationals:	34.9%
foreign workers:	65.1%

• Portuguese workers account for 26.5% of the workforce while frontier workers travelling across from Belgium, France and Germany only account for 18% of the total. As for the nationality of those with white-collar status, 46 people out of a total of 49 are Luxembourg nationals. This fact bears out the comments made in the first part of the study in the chapter entitled "Employment and work".

• Part-time employment is low.

• In its capacity as a distributor of high quality vehicles, and given its firm commitment to providing a first-class after-sales service, *Meris & Co. endeavours only to employ skilled workers.* Of the 83 workers engaged in after-sales service in 1992, 85% held either a Technical and Vocational Proficiency Certificate (CATP) or equivalent (level 2, EC nomenclature), and only 15% of the workers had no recognized vocational training qualification. In this context it must be mentioned that the company makes a substantial effort towards upgrading the skills of its workforce. Currently the firm has 13 apprentices. These apprentices have all signed a contract lasting either 2 or 3 years. The training course for apprentices prepares them for their final examination, the CATP. The theoretical part takes place in a technical college while practical training is given by the company. Since 1982 the firm has trained 96 apprentices. It has to be emphasized that the firm in question, in the same way as other firms in the sector, is no longer able to attract a sufficient number of suitable apprentices. The auto-mechanic branch was popular with young people over a long period of time with as many as 435 apprentices registered at the Chamber of Trades in 1983. The number now stands at 79. At the present time there is approximately 1 apprentice for every four firms in the auto-mechanics branch.

• As far as *the age structure of the workforce is concerned*, it would appear that 80% of the workers are less than 35 years old. It is also interesting to note that since the founding of the firm in 1979, the length of service for the majority of workers has remained constant at between 1 and 5 years. It is therefore evident that, despite the firm's importance within the sector, it nevertheless has considerable difficulty in keeping a workforce with the necessary qualifications, namely the CATP. This is due to the fact that many workers holding a CATP, in particular those with Luxem-

bourg nationality, leave the firm after a few years in order to work for the state, the communes or in companies connected with the state. It has to be said that in these areas they are likely to find better working conditions, better pay and above all security. In general, public authorities are partly responsible for the high level of staff turnover experienced by most of the small to medium-sized firms in the craft trades sector.

### 2.3 Working conditions

Working conditions in the company are regulated by a collective bargaining agreement concluded between FEGARLUX (Federation of Garages in the Grand Duchy of Luxembourg) on the one hand, and the OGBL (Confederation of Independent Trade Unions) and the LCGB (Confederation of Christian Trade Unions) on the other. The following points are covered by this agreement:

- hiring and dismissal of employees including appropriate arrangements for training;
- working hours;
- overtime, working on Sundays and statutory holidays;
- annual leave and public holidays;
- salaries related to occupational category including a sliding scale allowing for levels of remuneration to be adjusted to the weighed consumer price index and in line with the rates of pay current in the public sector. This would mean that, for example, a 2.5% increase or drop in the cost of living index during the previous six-month period would automatically bring about a corresponding increase or drop in the level of salary laid down in the agreement.

It should be mentioned that the law on collective agreements states that conditions of employment and remuneration for managers are not contained in collective agreements relating to junior employees.

However, it must be emphasized that the conditions of employment set down by collective agreement, particularly those relating to working hours, annual leave, overtime, terms of employment and dismissal, correspond to the minimum standards laid down in the laws and regulations covering working conditions and the protection of employees.

- working hours: 40 hours per week and 8 hours per day
- number of days annual leave: 25 days per year
- number of statutory holidays: 10 days per year

Attached is a list of fixed salaries laid down by collective agreement and applicable in garages as from 1st August 1992.

### 3. Institutions which offer courses in continuing vocational training

The principle institutions offering continuing vocational training are the professional organizations, in particular the Chamber of Trades. Firms can also approach other training institutes for specific training courses, for example the OLAP, (Luxembourg Office for Productivity) or the National Institute for the Development of Continuing Vocational Training, etc. ...

Firms are also expected to participate in internal training courses (technology, administration, management, etc. ...) offered/imposed and organized by the manufacturers who in these instances use their own trainers.

This type of training takes place either in the company or abroad on the premises of the manufacturer in independent training centres (the exception is one sole Luxembourg firm which acts as a general importer and operates an independent training centre in Luxembourg).

It should be noted that firms in the sector hardly ever make use of foreign training organizations, whether private or public.

### 4. Policy on continuing vocational training

#### 4.1 Role of continuing vocational training in the administration of the firm

For several years now Meris & Co. has, for the following reasons, placed increasing emphasis on staff training:

- techniques in the manufacture and maintenance of motor vehicles are advancing at an increasing rate;
- the introduction of electronics and computer technology into vehicles requires new knowledge and skills;
- diagnostic and testing equipment is becoming increasingly sophisticated and requires special knowledge in order to analyze the diagrams and results. For this reason the level of professional competence required for the maintenance of vehicles is continually developing.

As a distributor of high quality motor vehicles and conscious of the fact that it is imperative to provide a first-class service to its clients, the firm makes a particular point of encouraging those workers who have had initial training as auto and motorbike mechanics to adapt and constantly acquire new knowledge.

To this end and for the reasons outlined above, the firm has, over the past few years, developed a structure for internal vocational training.

In addition, the firm, in collaboration with the training departments of the motor vehicle manufacturer "Mercedes-Benz AG", annually organizes four training courses each lasting 5 days. These take place at the premises of the firm and are designed to increase the knowledge and competence of the workers. Internal training is given by trainers delegated by the manufacturer.

#### 4.2 Training projects and initiatives at shop-floor level

It is the responsibility of the company directors to formulate training policy. The content of in-house training courses is determined in collaboration with the manufacturer's training departments.

Until now the firm has not drafted its own internal vocational training programmes. It is the custom at the beginning of every year for the manufacturer to send out a training programme prepared by its central training department. The directors of the company study this training programme and then choose which training courses will be organized within the company during the coming year. These training courses generally relate to new maintenance and service techniques for motor vehicles.

#### 4.3 Relationship between the plans and the demands for vocational training

As already mentioned above, the directors of the company try to systematically plan which continuing vocational training courses will be held within the company. Although the workers and their representatives may make suggestions about the courses, they do not, however, make formal choices. This is left to the directors.

#### 4.4 Groups selected for vocational training

Internal vocational training is principally directed at skilled workers and, as has already been mentioned, relates particularly to the new technology now to be found in motor vehicles. It is evident that many workers are taking an increased interest in these training courses.

Statistics concerning worker participation in these training courses show that currently 80% of skilled workers take part in courses for a minimum of 2 to 3 days per year, while 25% of skilled workers, in particular foremen, participate in them for at least 10 days per year.

The training of non-skilled workers is the responsibility of either the technical inspector or certain foremen. It should be stressed that the directors attach a great deal of importance to the didactic training of these part-time trainers. "On the job training" is the method used for this group of workers.

In addition to internal training, managers, technical inspectors, and foremen regularly take part in courses organized outside the firm either by the

manufacturer or by public institutions, such as the professional chambers.

These courses relate to technical subjects and areas of management.

The resulting costs, particularly participation, travel and overnight expenses, are met by the company.

It should be stressed that all training courses take place during working hours and that participation is optional.

For reasons which remain unclear the firm has not yet organized any training courses specifically for staff employed in the sales department.

#### 4.5 Vocational training programmes

As previously mentioned, the company in question does not have its own independent training department dealing with training on a full-time basis. A training programme relating to internal training and consisting of jointly arranged courses is put forward by the manufacturer. Moreover, there are no external training courses organized by the company. The directors examine the training programmes publicized by external training bodies and choose candidates whom they consider suitable to take part in these external training courses.

In the same way, the firm does not employ full-time trainers. However, it should be noted that the employee who runs the spare parts department and who at the same time acts as staff representative also fulfils the role of part-time internal trainer for the computer management of spare parts. There are, incidentally, almost 50,000 different spare parts currently in stock in the firm.

The firm's objectives in training staff are, in particular, the promotion of loyalty and motivation and the development of knowledge among the workforce and thereby increased productivity, which is, of course, in turn dependent on the quality, competence and attitude of the personnel.

In general terms it can be said that the majority of workers are showing an increasing interest in the internal training courses organized by the firm. Taking part in training courses is considered to be motivating. Although until now there has been no direct link between participation in internal training courses and an increase in salary or promotion within the company, the participant nevertheless feels that the training he is receiving does have a positive influence on his career within the company.

Internal promotion is dependent on age and more particularly on the employee's productivity. Therefore, an increase in the level of professional competence as a result of continuing training is

normally accompanied by a corresponding increase in productivity and consequently increased chances of promotion.

Participation in training courses has until now been recognized by a corresponding certificate. Training courses do not conclude with tests aimed at evaluating knowledge or new areas of learning acquired during the training sessions. For the moment, the directors do not intend to introduce tests or methods of evaluation which would automatically lead to formal recognition with a corresponding increase in salary.

Finally, it should be emphasized that the motor vehicle manufacturer, Mercedes-Benz AG, is putting pressure on its authorized dealers to change their internal policy on training. Indeed, the manufacturer is requesting the authorized dealer to nominate qualified personnel to go to the factory in order to be trained as trainers in the various specialized areas connected with the electronic and computerized equipment now installed in motor vehicles. On return to their particular firm within the Mercedes-Benz distribution network they would then be in a position to train others.

As far as didactic methods are concerned, the manufacturer is anxious that from now on internal training should mainly be based on new learning methods, in particular, computer-assisted training. To this end the factory has already developed software relating to the repair and maintenance of motor vehicles. In addition, the factory insists on interactive learning methods (group discussion, case studies, role play using videos...)

It is evident that the manufacturer wants its authorized dealers to anchor internal training in the management of a firm. Continuing training for the workforce would thereby be administered by full-time internal trainers.

##### 4.5.1 External training

In addition to the continuing vocational training courses organized on the manufacturer's premises, in which ten or so people participate for 2 to 4 days per year, the company in question makes use of other national organizations, in particular the Chamber of Trades which is the professional body responsible for members of the craft trades sector.

Indeed, the law of 4 April 1924 organizes the representation of employers and workers according to their status and establishes professional chambers on an elective basis.

- The professional chambers for employees are:
  - the Chamber of Employment (for employees with worker status)

- the Chamber of Private Employees (for employees with private employee status)
  - the Chamber of Civil Servants and Public Employees.
- The professional chambers for employers are:
    - the Chamber of Commerce
    - the Chamber of Trades
    - the Chamber of Agriculture

The professional chambers are closely involved in the adoption and the enforcement of laws.

In addition to this function, the law of 1924 ascribes particular powers to the professional chambers in the area of vocational training.

The professional chambers, both employer and employee, play a major role in encouraging the development of continuing vocational training among their members.

There is also the Luxembourg Office for Productivity, a non-profit making organization, composed equally of representatives from both the employer and employee professional chambers and officially affiliated to the Ministry of Economics, which has, since 1957, played a part in encouraging and promoting the skill of personnel.

For some decades now the Chamber of Trades has been organizing numerous courses and seminars in continuing vocational training for the benefit of the management and the employees of firms in the craft trades sector.

The types of training offered are:

- courses of general interest
- vocational courses for occupations in the craft trade sector
- management training in small and medium-sized enterprises

In addition it should be mentioned that the Chamber of Trades organizes preparatory courses for an advanced training certificate in business administration and business theory with particular reference to new technologies in the sector. Note that the law of 2 July 1935 introduced the advanced training certificate as proof of qualification, and as a pre-condition to setting up in business in an occupation belonging to the craft trade sector and to training apprentices.

The firm in question sends on average half a dozen employees on training courses. These may be vocational courses relating to new technology or seminars/lectures on specific subjects such as "safety at work", problems concerning the environment, waste disposal etc. . .

Vocational courses lasting between 20 and 40 hours are usually organized outside working hours while seminars and lectures take place during working hours. The costs are met by the firm.

The directors of the firm recognize that the percentage of employees sent on training courses offered by other organizations is relatively small. They consider that, even for a firm employing a hundred or so people, sending employees for training raises too many problems because of the short staffing that ensues and the constraints that are thereby placed on internal organization.

As a result of a staff survey, it was, however, established that a growing number of employees are, of their own initiative, registering either for courses of a general nature (computing, accounting, languages etc.) or for vocational courses organized either by the Chamber of Trades, the Chamber of Commerce or the Chamber of Private Employees. These courses take place outside working hours.

#### 4.5.2 Role of the social partners

The two largest and most representative employee trade unions at national level are the OGBL (a liberal trade union) and the LCGB (a Christian trade union).

Trade union membership among the personnel of the firm in question is very small. As a result trade union organizations have no influence on the training policy pursued by the directors of the firm.

Almost all the firms working in the motor vehicle distribution and repair sector are grouped together under the umbrella of their particular employer organization, notably FEGARLUX and ADAL. The first collective bargaining agreement between FEGARLUX in its capacity as an national organization representing employers and the two trade union organizations mentioned above was signed during the 1960s. The agreement was subsequently renewed. It has particular reference to working conditions and remuneration.

It should be noted that the collective agreement renewed in 1990 with a general commitment to continuing vocational training states:

"Employees who have completed a training course in auto-electrics/auto-electronics will be given a 5% pay rise on presentation of the relevant certificate."

The training provided by the Chamber of Trades in consultation with the Centre for Continuing Vocational Training at Walferdange under the authority of the Ministry of Education is based on 4 training modules each lasting 40 hours. Until now forty or so mechanics have participated in this modular training scheme which takes place partly during and partly outside working hours. Around thirty



firms including, the firm in question, have allowed workers to take time off in order to participate in training.

#### **4.6 Costs of continuing vocational training**

Until now the company has not allocated a specific budget to finance training courses, whether internal or external. The study shows that until 1987 the cost of training was relatively low. Since then the firm has spent on average between 0.8% and 1.3% of the total payroll on continuing vocational training. These figures do not take account of on-the-job training, that is the induction of new employees in their work and the time that skilled workers spend training unskilled colleagues.

### **5. Assessment**

#### **5.1 By the firm**

Over the last few years the directors of the firm have come to attach increasing importance to continuing vocational training, principally because of the need to raise the level of qualification to enable the workforce to cope with technological developments and a changing economic situation. With the support of the manufacturer, the company has developed an internal training structure. So far, however, the firm has not introduced its own in-house training programmes. The training given by the manufacturing company usually relates to new maintenance and servicing techniques for motor vehicles. The firm does not,

however, systematically evaluate the economic benefit or, in a more general way, the results of training. Nevertheless, the directors of the company consider that certain objectives in their training policy have been achieved, notably increased knowledge among the workforce and a consequent rise in productivity.

#### **5.2 By the staff**

Generally speaking, internal training courses arranged by the firm have been favourably received by the majority of workers. Although there is no direct connection between training and internal promotion, a certain number of workers consider training as a stepping stone to posts with more responsibility. In this way training contributes indirectly to promotion. Certain blue-collar workers and, more particularly, some white-collar workers regret the fact that, due to the workload, they cannot take part more often in continuing vocational training courses which are organized externally during working hours. They are very eager for the legal introduction of leave of absence for the purpose of training so that they can participate in continuing vocational training courses during working hours. In addition they support the introduction of a nationally recognized system of certification in respect of the various training courses organised by public and private bodies. Indeed, they believe that certification represents a very important means of encouraging employees to take part in continuing training.

# ANNEX TO THE CASE STUDIES

2.

**Fixed salary scales (francs per hour) applicable as from 1st August 1992 (index 497.09) in garages (FEGARLUX) (fixed salaries for employees with family responsibility are printed in italics)**

**a. Employees with the CATP (technical and vocational proficiency certificate)**

- without the Helfent "auto electr." certificate:

1st year CATP	261.77
	<i>269.71</i>
2nd year CATP	274.85
3rd year CATP	287.94
4th year CATP	301.03
5th year CATP	314.12
6th year CATP	327.22
7th year CATP	340.30
8th year CATP	353.39
9th year CATP	366.48
10th year CATP	379.57
11th year CATP onwards	392.65

- with the Helfent "auto electr." certificate (= +5%):

1st year CATP	274.86
	<i>283.20</i>
2nd year CATP	288.60
3rd year CATP	302.34
4th year CATP	316.08
5th year CATP	329.82
6th year CATP	343.58
7th year CATP	357.32
8th year CATP	371.06
9th year CATP	384.81
10th year CATP	398.55
11th year CATP onwards	412.28

**b. Employees with the advanced training certificate**

Employees holding the advanced training certificate *without* the Helfent "auto electr." certificate are entitled to 8% extra pay added to their relevant CATP salary (in accordance with the fixed CATP salary scales as shown above), payable from the time of passing the advanced training certificate.

Employees holding the advanced training certificate *together with* the Helfent "auto electr." certificate are entitled to 13% extra pay added to their relevant CATP salary (in accordance with the fixed CATP salary scales as shown above), payable from the time of passing the advanced training certificate.

**c. Employees with the CCM (Certificate of Manual Proficiency)**

Holders of the CCM receive the following rates of pay:

- without the Helfent "auto electr." certificate:

1st year CCM	218.15
	<i>224.75</i>
2nd year CCM	218.15
	<i>224.75</i>
3rd year CCM	261.77
	<i>269.71</i>
4th year CCM	272.68
5th year CCM	283.59
6th year CCM onwards	294.49

- with the Helfent "auto electr." certificate (= +5%)

1st year CCM	229.06
	<i>235.99</i>
2nd year CCM	229.06
	<i>235.99</i>
3rd year CCM	274.86
	<i>283.20</i>
4th year CCM	286.31
5th year CCM	297.76
6th year CCM onwards	309.22

Entitlement to these rates of pay depends on continuous employment in this occupation.

**d. Non-skilled employees from 18 years upwards**

This salary scale no longer depends on the total number of years worked, but on the number of years service in one firm.

- without the Helfent "auto electr." certificate:

1 year in the firm	218.15
	<i>224.75</i>
2 years in the firm	218.15
	<i>224.75</i>
3 years in the firm	218.15
	<i>224.75</i>
4 years in the firm	220.32
5 years in the firm	231.23
6 years in the firm	239.95
7 years in the firm	250.86
8 years in the firm	261.77
9 years in the firm	272.68
10 years in the firm	283.59
11 years or more in the firm	294.49

• with the Helfent "auto electr." certificate (= +5%):

1 year in the firm	229.06
	230.23
2 years in the firm	229.06
	230.23
3 years in the firm	229.06
	230.23
4 years in the firm	231.34
5 years in the firm	242.79
6 years in the firm	251.9
7 years in the firm	263.40
8 years in the firm	274.86
9 years in the firm	286.31
10 years in the firm	297.76
11 years or more in the firm	309.22

**e. Young non-skilled employees aged between 15 and 17 years**

Young, non-skilled employees aged between 15 and 17 years who do not have an apprenticeship contract are remunerated as follows:

• without the Helfent "auto electr." certificate:

15 year olds	130.89
	134.85
16 year olds	152.70
	157.33
17 year olds	174.52
	179.81

• with the Helfent "auto electr." certificate (= +5%):

15 year olds	137.44
	141.59
16 year olds	160.34
	165.19
17 year olds	183.24
	188.79

In this context other legal provisions relating to minimum rates of pay are taken into consideration.

When calculating years of service in the case of young employees mentioned above, the number of years worked before the age of 18 is taken into account.

**f. Apprentices**

Apprentices with an apprenticeship contract are remunerated in accordance with official rates of pay for apprentices

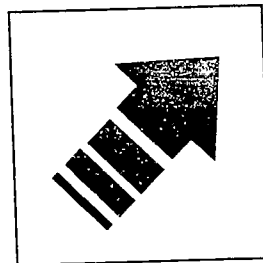
• without the Helfent "auto electr." certificate:

2nd year of apprenticeship	100.45
3rd year of apprenticeship	127.61
4th year of apprenticeship or on successfully passing the practical examination	188.60

• with the Helfent "auto electr." certificate (= +5%):

2nd year of apprenticeship	105.47
3rd year of apprenticeship	134.00
4th year of apprenticeship or on successfully passing the practical examination	198.03

## **PART 3:**



**Conclusions and recommendations**

**Annex**

# CONCLUSIONS AND RECOMMENDATIONS

3.

These two case studies, written by the same authors as the first part of the paper, basically confirm their original points:

- the problems of recruiting a skilled workforce;
- the high proportion of foreign workers in the two firms who compensate for the falling number of Luxembourg nationals in manual occupations;
- the growing interest in continuing vocational training in response to economic and technological changes and also as a means of overcoming the shortcomings of initial vocational training which is not sufficiently in tune with reality;
- the realization that continuing vocational training is the key to productivity, competitiveness and quality;
- the main obstacles to participation in continuing vocational training courses are funding, shortage of time, an absence of structured and forward-looking training programmes which allow human resources to be used effectively, and also the lack of systems for evaluating training courses.

The Chamber of Trades, being the employer organization responsible for the craft trades sector in general and the motor vehicle sector in particular, has introduced certain initiatives in response to general questions of qualification:

- the establishment of a "fund for training and setting up in business" earmarked for co-financing continuing vocational training courses;
- the establishment of a training centre with 118 classrooms;
- the establishment of a continuing training department as an integral part of the Chamber of Trades;
- participation in EC programmes particularly the PETRA programme (for motor vehicle electronics and electrical engineering) and the LINGUA programme (courses in the Luxembourg language for French speakers using multimedia methods);
- participation at national level in the PROF project (setting the basic curriculum for initial training leading to the CATP, a decision made in consultation with all the institutions con-

cerned: schools, businesses, professional bodies);

- reform of training leading to the advanced training certificate, in respect of both the structure and the content of the different courses (management and technology);
- restructuring initial training leading to the CATP (examining new methods of alternance training for apprentices following parallel training courses).

There are currently two major initiatives at national level: the first is already in force, the second has been announced:

- the establishment of a "National Institute for the Development of Continuing Vocational Training" with joint representation of the professional bodies and the various ministries concerned, both being called upon to provide training courses which take account of profitability and legal requirements;
- the request by the Luxembourg government to the Economic and Social Commission (the seat of the social partners) for a statement to clarify the following points (with a view to the Ministry of Education drafting a framework law on continuing vocational training);

- the right of access to continuing vocational training;
- the recognition of continuing vocational training through standardized certification;
- establishing a means of sharing the cost of training courses through a combination of state subsidy, fiscal incentive, company investment and the candidate's registration fee;
- the protection of investment made by firms in continuing vocational training.

In conclusion, it can be said that the Chamber of Trades acts as a catalyst for problems connected with training which arise within firms in the motor vehicle sector. As a consequence it is called upon either autonomously or in conjunction with other bodies to take all possible steps to improve the structure and the content of training.

Luxembourg, June 1993

3.

**Individuals contacted/consulted for the purposes of the study****Garage Meris & Co.**

45 rue de Bouillon  
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Tel: 44 21 21

- Mr. Georges SCHMIT      Technical Director
- Mr. Justin MANGEN      Administrative and  
Financial Director
- Mr. Jean ZIMMER      Technical Inspector
- 5 individuals (foremen, technical adviser, workshop foreman and motor mechanic) who have participated in various continuing vocational training courses.

**Garage X and Co.  
(Private Limited Company)**

3 individuals (workshop foreman, chief mechanic, secretary) who have participated in various continuing vocational training courses.

**Professional Bodies**

- Mr. Nic THOMMES  
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- Mr. John KAYSEN  
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- Mr. Hubert AHLES  
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**External Training Organization**

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CEDEFOP – European Centre for the Development of Vocational Training  
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 Grand Duchy of Luxembourg

(FORCE programme)

Paul Krier, Ted Mathgen

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