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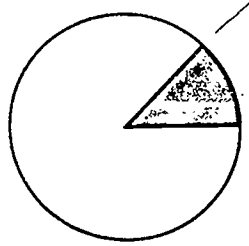
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## ABSTRACT

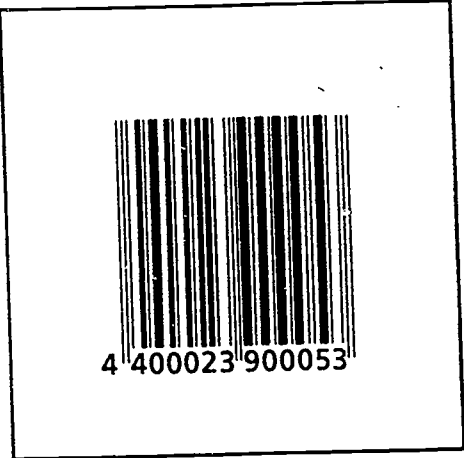
A study examined training in the retail trade in Luxembourg. During the study, information was gathered on employment, work, and training patterns in Luxembourg's retail sector, and case studies of a retail clothing firm and a large supermarket with permanent continuing vocational training for all employees were conducted. The general/personnel manager and five participants in the clothing retailer's training programs were interviewed along with the supermarket's personnel, branch, and store managers and three participants in supermarket's training courses. A total of six representatives of external training bodies were also interviewed for the two case studies. Both companies used a systematic approach to training activities. Employees/unions did not participate in defining training objectives or developing training programs at either company. Both companies' objectives for training were to increase staff loyalty/motivation and improve profitability. Low-skilled workers attended internal training exclusively, whereas middle/senior management staff attended both external and internal training courses. Figures/indications regarding training costs and benefits were very difficult to obtain for either company; however, it was established that the amounts allocated to training activities (especially to internal training) at both companies have increased in recent years. (Contains 17 tables/figures.) (MN)

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LUXEMBOURG  
REPORT

# RETAIL SECTOR



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TASK FORCE - Human Resources, Education, Training and Youth.

**RETAIL SECTOR**

**TRAINING IN THE RETAIL TRADE  
OF THE GRAND-DUCHY OF  
LUXEMBOURG**

**REPORT FOR THE FORCE PROGRAMME**

drawn up by  
Nadine Spoden  
ILReS S.A.

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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

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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.

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Through FORCE you can help improve continuing training in your company, sector or local labour market. At the same time you can help make an investment in the improvement and availability of continuing training - in effect in the working and producing of the future of 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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The members of the Management Board are appointed by the organizations they represent and remain in office for two years. The chairmanship of the Board changes each year.

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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

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The Central Team was composed of Olivier Bertrand (Cereq, Paris), Oriol Homs (Cirem, Barcelona), Wilfried Kruse (S.F.S. Dortmund), Marisa Mendez-Vigo (Cirem, Barcelona) and Harry van den Tillaart (ITS, Nijmegen), in close collaboration with Tina Bertzeletou from CEDEFOP (Berlin).

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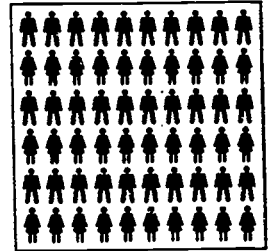
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### **SUMMARY**

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# **PART 1:**

## **EMPLOYMENT, WORK AND TRAINING IN THE LUXEMBOURG RETAIL SECTOR**



- 1. Definition and scope of the sector**
- 2. Structure and characteristics of retailing**
- 3. The institutional and social context**
- 4. Employment and labour**
- 5. Changing conditions and their implications for training and skill requirements**
- 6. Training and recruitment**
- 7. Conclusions**

# 1. DEFINITION AND SCOPE OF THE SECTOR

1.

According to the classification of industries developed by STATEC (Central Statistical Service for Economic Studies), the retail sector in Luxembourg **includes** the sale of motor vehicles and motor-

cycles, fuels and lubricants **but** excludes restaurants, hotels and repair services for consumer goods and motor vehicles.

## 2. STRUCTURE AND CHARACTERISTICS OF RETAILING

### 2.1 Historical development

Until the beginning of the 20th century, commercial activity was centred on the daily markets and in small specialist shops (haberdashers, milliners, butchers, ...) in a district.

The period immediately after the First World War witnessed the birth of a new movement, based on the efforts of trade unions for workers, railway workers and private sector employees who tried to find alternative retailing methods to better serve a population impoverished by the effects of the war. Thus, in the city of Luxembourg and the surrounding suburbs, 11 consumer cooperatives were formed primarily in "low purchasing power" areas. The cooperatives still exist today but their number has fallen significantly (only 5 remain) in the face of competition from the supermarkets.

In 1931, under the name Monopol, the first textile retail company, with a sales area of 60m<sup>2</sup>, was set up. In 1937, this became "Grands Magasins Monopol Sàrl". In 1957, the same group opened the largest textile store in the country with a floor area of 3,000m<sup>2</sup>.

In 1967 a new trend began with the opening of the first CACTUS supermarket, this marked the beginning of the concept of self-service in the food sector.

In 1972, the same group opened a second supermarket at Esch/Lallange.

In May 1974, the Belgian Group, COURTHEOUX, opened the first shopping centre in the Grand Duchy, the MATCH-CONCORDE complex, with a floor area of 2,900m<sup>2</sup>.

In July 1974, the LEESCH brothers followed suit with the construction of the "CACTUS - La Belle Etoile" hypermarket, with a floor area of 8,700m<sup>2</sup>.

Besides the opening of two other hypermarkets, namely an extension to CACTUS, Esch/Lallange (4,300m<sup>2</sup>) in 1979 and the creation of MATCH, Foetz (4,500m<sup>2</sup>) in 1987, the period between 1967 and 1989 saw the opening of a series of supermarkets, with floor areas of between 400 and 2,499m<sup>2</sup>, in different parts of the country. This was mainly under the auspices of the MATCH group (Courthéoux) and CACTUS (Leesch brothers).

During the same period other shops, e.g. Monopol, which until then had specialized in a specific type of merchandise, began to diversify and develop supermarkets and open restaurants and cafeteria alongside their textile outlets.

Apart from these main commercial chains, other mixed business commercial associations were being formed, i.e. businesses which combined both wholesale and retail functions and operated a number of subsidiaries (companies with legal status independent of parent company) and branches (points of sale without distinct legal status), mainly:

- EMO - EISCHEN/MOTZ - meat and delicatessens (most of the shops are located in the Monopol chain and other Match group shopping centres as separate companies).
- FEIN A FAIR - general food supplies (self-managed grocers or branches of a large store selling under the "Fein a Fair" logo).
- FISCHER - bakery and patisserie.

In 1989 a further development took place in the retail food trade with the introduction, by the Louis Delhaize Group (Belgium), of a series of discount shops operating under the name "Profi".

In December 1991, ALDI (Germany) opened its first Aldi store, with a sales area of 600m<sup>2</sup>, in Dudelange.

## 2.2 Types of shop

In Luxembourg, the terminology used to describe shop types is very similar to that used elsewhere in Europe.

### - Self-service - food

Although self-service is a distinctive feature of department stores, self-service can also be found in smaller retail outlets.

### - Mini-market

The mini-market is an outlet (or separate department within a large store) which sells mainly food products on a self-service basis. It usually has a floor area of between 200 and 399 m<sup>2</sup>.

All other retail outlets which have less than 200 m<sup>2</sup> are included as the categories "grocery" and "specialist food shops".

### - Department store

The definition "department store" in the food sector includes self-service shops with a high level of food products and a sales area in excess of 400 m<sup>2</sup>, i.e. supermarkets and hypermarkets.

### - Supermarket

The supermarket is a self-service establishment (or separate department within a department store) where the main sales are food products, with a sales area of between 400 m<sup>2</sup> and 2,499 m<sup>2</sup>.

"Supermarkets generally offer a full range of everyday food products (2,000 - 4,000 articles), mainly fresh products including meat) and a relatively large share of everyday products." (CRISP (CH 789) 3 March 1978).

It is, however, impossible to differentiate between self-service shops which do or do not sell fresh meat, i.e. all self-service stores with a sales area of between 400 m<sup>2</sup> and 2,499 m<sup>2</sup> are classed as supermarkets. It should be noted that the majority of self-service locations surveyed included a meat department, even if this was often an independent enterprise within the store particularly in small self-service shops (shop in shop).

### - Hypermarket

A hypermarket is defined as a store which has a sales area in excess of 2,500 m<sup>2</sup>. The hypermarket offers a wide range of food products and non-food products. They are usually situated on the edge of a large urban area and offer extensive parking facilities.

## Conditions of competition between the various types of food retail firms - evolution

According to the following chart, it appears that:

- Between 1975 and 1987, the share of *specialist shops* fell steadily from 97.2% to 92.6% of the total number of businesses in the

food sector. During the same period, their sales decreased from 53.7% in 1975 to 36.5% in 1986, then rose slightly from 36.5% to 37.7% in 1987.

- In contrast, the proportion of *department stores* increased from 1.6% in 1975 to 5.2% in 1987 and their sales rose from 40.6% in 1975 to 59.1% in 1987. However, between 1986 and 1987 there was a slight fall in the number of businesses (mainly supermarkets with a sales area of between 400 and 600 m<sup>2</sup>) and in sales (from 60.3% in 1986 to 59.1% in 1987).

- In supermarkets with a sales area of between 600 and 2,500 m<sup>2</sup> and hypermarkets with an excess of 2,500 m<sup>2</sup>, sales moved from 36.6% in 1975 to 45.8% in 1987. Although turnover in absolute figures increased between 1986 and 1987, sales decreased from 46.6% in 1986 to 45.8% in 1987.

Regarding the number of super- and hypermarkets in this category, it is apparent that the provisions of the 1975 Act, controlling the right to open department stores with a sales area of more than 600 m<sup>2</sup> have been very effective, since their number has remained comparatively stable since 1975.

Parallel to this trend, one can observe in certain sectors (e.g. meat, bakery and general food supplies) the establishment of commercial associations which combine both wholesale and retail functions and operate a number of subsidiaries and branches. Most of these outlets are located in department stores belonging to the large commercial chains and trade under the association's logo (e.g. EMO, FISCHER, FEIN and FAIR).

- **Mini-markets and supermarkets with a sales area of less than 600 m<sup>2</sup>** hold an intermediate position accounting for 4% of the number of businesses in the food sector (or 44 shops) and 16% of food sales. Nevertheless, it can be seen that the position of the mini-market has fallen slightly since 1975 while supermarkets between 400 - 600 m<sup>2</sup> have increased their food product turnover from 3.5% in 1975 to 13.2% in 1987.

Examination of the different types of sub-sectors, reveals that between 1975 and 1989, the number of retail businesses declined significantly, from 4,031 to 3,524, and that the decline is most marked in food and household goods and appliances. Trade in motor vehicles and motorcycles has increased progressively throughout the 1980s. Although there was a significant increase in the growth of the number of petrol stations between 1975 and 1980, this has subsequently fallen. Development has concentrated on large

filling stations offering tobacco and beverages in addition to the sale of petrol products.

As far as the development in the sector's turnover is concerned, it is interesting to note that in total retail sales (not including VAT) rose by  $\pm 350\%$  between 1975 and 1989, the growth rate being 304% for sales of foods, beverages and tobacco and even 582% for sales of fuels and lubricants.

This development is due, above all, to the exploitation of the tax differences between Luxembourg and its neighbours.

Besides these products, the sales of motor vehicles (increase of 504%), household appliances (increase of 293%) and clothing (increase of 268%) are major areas of the retail trade in Luxembourg.



1.

Table 1 - Concentration of businesses in the retail food trade

Type of Business	1975			1982			1984			1986			1987		
	Number of businesses	Turnover mio FLUX	A.F.	Number of businesses	Turnover mio FLUX	A.F.	Number of businesses	Turnover mio FLUX	A.F.	Number of businesses	Turnover mio FLUX	A.F.	Number of businesses	Turnover mio FLUX	A.F.
Mini-markets	21	604	5.7	21	1,371	5.7	28	1,348	4.9	19	918	3.2	22	972	3.2
Department stores	26	4,325	40.6	42	12,244	50.8	47	15,196	55.3	55	17,513	60.3	52	17,929	59.1
- supermarkets (400 - 599 m <sup>2</sup> )	9	426	4	23	2,768	11.5	24	4,286	15.6	25	3,983	13.7	22	4,026	13.3
- supermarkets (600 - 999 m <sup>2</sup> )	7	0.4		9	0.7		11	0.9		14	1.2		13	1.3	
- supermarkets (1,000 - 2,499 m <sup>2</sup> )	7	3,899	36.6	6	9,476	39.3	8	10,911	39.7	12	13,530	46.6	13	13,903	45.8
- hypermarkets (2,500 m <sup>2</sup> & over)	3	0.2		4	0.3		4	0.3		4	0.4		4	0.4	
Specialist shops	1,613	5,727	53.7	1,222	10,463	43.5	1,130	10,935	39.8	1,082	10,607	36.5	933	11,423	37.7
Total	1,660	10,656	100	1,291	24,078	100	1,205	27,479	100	1,156	29,038	100	1,007	30,324	100

A.F. = Absolute Figures

Table 2 - Retail trade - number of businesses

Type of business		1975	1980	1985	1989
Food, drinks, tobacco products	A.F.	1,668	1,363	1,181	949
	%	41.3	34.6	30.8	26.9
Pharmacies	A.F.	75	74	78	77
	%	1.9	1.9	2	2.2
Medical, beauty & healthcare products	A.F.	50	67	79	92
	%	1.2	1.7	2	2.6
Clothing	A.F.	504	532	569	519
	%	12.5	13.5	14.9	14.7
Shoes & leather goods	A.F.	145	136	127	115
	%	3.6	3.5	3.3	3.3
Soft furnishings	A.F.	28	31	36	47
	%	0.7	0.8	0.9	1.3
Household goods	A.F.	516	580	577	522
	%	12.8	14.7	15.1	14.8
Books & newspapers	A.F.	194	222	210	183
	%	4.8	5.6	5.5	5.2
Motor vehicles and motor cycles	A.F.	173	199	235	253
	%	4.3	5	6.1	7.2
Fuel & lubricants	A.F.	277	304	286	262
	%	6.9	7.8	7.5	7.4
Other retail trade	A.F.	401	435	447	463
	%	10	11	11.7	13.1
Total	A.F.	4,031	3,943	3,825	3,524
	%	100	100	100	100

A.F. = Absolute Figures

Source: STATEC - Annuaire statistique du Luxembourg

1.

Table 3 - Retail trade - turnover (net of tax) in mio FLux

Type of business		1975	1980	1985	1989
Food, drinks, tobacco products	A.F.	10,817	17,591	28,193	32,824
	%	33.2	31.1	30.4	28.8
Pharmacies	A.F.	1,009	1,511	2,430	3,245
	%	3.1	2.7	2.6	2.8
Medical, beauty & healthcare products	A.F.	295	522	765	1,936
	%	0.9	0.9	0.8	1.7
Clothing	A.F.	4,232	5,832	9,144	11,358
	%	13	10.3	9.9	10
Shoes & leather goods	A.F.	923	1,436	1,989	2,318
	%	2.8	2.5	2.1	2
Soft furnishings	A.F.	265	312	484	895
	%	0.8	0.5	0.5	0.8
Household goods	A.F.	4,277	6,632	8,876	12,528
	%	13.2	11.7	9.6	11
Books & newspapers	A.F.	906	1,402	2,002	2,178
	%	2.8	2.5	2.2	2
Motor vehicles and motorcycles	A.F.	5,323	10,733	20,186	26,817
	%	16.3	19	21.8	23.6
Fuel & lubricants	A.F.	2,316	6,559	13,138	13,495
	%	7	11.6	14.2	11.9
Other retail trade	A.F.	2,260	3,954	5,468	6,140
	%	6.9	7	5.9	5.4
Total	A.F.	32,621	56,482	92,675	113,736
	%	100	100	100	100

A.F. = Absolute Figures

Source: STATEC - Annuaire statistique du Luxembourg



# 3. THE INSTITUTIONAL AND SOCIAL CONTEXT

## 3.1 Retail legislation

– Restrictions concerning the creation of department stores.

A special authorization is required for individual or grouped retail sales areas with a sales area exceeding 400m<sup>2</sup>.

In addition, a market research study carried out by a specialized firm must be presented prior to the building of a department store with a sales area of more than 2,000m<sup>2</sup>. This study has to justify that the extension or establishment of the project does not prejudice the balance of the distribution network in the region concerned.

– Closing hours

Unlike other countries, Luxembourg has fixed closing hours rather than opening hours. The closing hours for Luxembourg shops are as follows:

- during the winter season  
(1 Oct. – 31 Mar.) 7.00 p.m.
- during the summer season  
(1 Apr. – 30 Sept.) 8.00 p.m.
- Saturdays and public holidays 8.00 p.m.
- Sundays and public holidays 1.00 p.m.

This regulation does not apply to:

- pharmacies
- news stands within railway stations
- other trades (HORECA, vehicle repair services)

The following trades are authorized to open their shops until 8.00pm on Sundays and holidays:

- newspaper shops
- open-air fruit and flower stalls together with food and drink stalls
- bakeries, patisseries, confectioners and tea-rooms
- tobacconists and souvenir shops

Once a week petrol stations, except those situated on motorways, must close for a period of 24 hours (Act of 21 February 1975).

– Working hours

In the retail trade working hours are regulated by the statutory provisions in force in respect of work contracts (Act of 24 May 1989).

The normal working hours are approx. 8 hours per day and 40 hours per week, subject to the exceptions covered by the Act.

In addition to the statutory provisions, collective agreements between some employers within the sector and their employees regulate, more precisely, overtime, nightwork, work on Sundays and holidays and working conditions for young people.

## 3.2 Role of the social partners

On the employers' side there are 40 trade associations categorized according to product (food, bookstores, textiles, furniture, etc.). These

associations are combined at national level in the "Confédération des Commerçants Luxembourgeois" (Professional body representing the Luxembourg tradespeople). Since 1981, this confederation has brought together the Fédération of Tradespeople (retail sector), the Federation of Wholesalers and the Transport Association.

The level of membership in the different associations in the retail sector varies considerably from product to product: 30 to 40% in the textile sector, 60 to 70% in the food sector, 90 to 95% in the furniture sector.

As well as the "Confédération des Commerçants Luxembourgeois" at national level, "trade and craft associations" have been set up in areas with significant commercial activity. They bring together the various food sector shops from the same district.

The employees have five trade unions: LCGB (Christian Union), OGBL (Free Union), NGL (Neutral Union), FEP-FIT et Cadres (Federation of Private Sector Employees, Independent Federation of Workers and Managers). LCGB and OGBL together represent 85% of wage earners.

According to some estimates, the union membership of Luxembourg retail trade employees is very low (3–4%). This low rate can be explained partly by the high turnover of staff and their trade union representatives. This does not permit the establishment of any long term union policy.

In addition, a large proportion of employees in retailing are women and cross-border workers who are less motivated and less available for union work.

Finally, union influence in the retail trade in Luxembourg is relatively new, it has only developed since the beginning of the 1980s.

## 3.3 Continuing vocational training in retailing

There is no law or Grand Ducal ordinance which covers continuing vocational training in the retail trades.

Only 7 of the larger firms, namely CACTUS, MATCH, ADLER, BRAM, MONOPOL, KNAUF and SIEMENS have concluded collective agreements with staff representatives. The first collective agreement was signed in 1986 by the Cactus Group. Whereas the agreements clearly regulate working conditions in the firms, they do not cover continuing vocational training.

Generally, training leave is granted to staff representatives. This training leave allows them to attend various training activities without loss of earnings. These training activities are organized by professional bodies, the further training centre,

1.

the Luxembourg Office for Increased Productivity and by other training institutions (Act of 18 May 1979, Art. 26).

In addition to these provisions, the CACTUS group, in its last collective agreement concluded with the staff representatives in January 1991, Art. 17.3, provides for:

**Training**

"For the purpose of improving the quality of work of the employees by continuing vocational training, the management promotes, as necessary, the participation of its staff in training courses

organized by professional bodies, by the Luxembourg Office for Increased Productivity and other public and private institutions which are specialized in vocational training. If they successfully complete the course the firm will pay the registration fees and grant paid leave."

Up to now, continuing vocational training has been based essentially on an agreement between employers and employees. There is no legal obligation for either the employer to contribute to an employee's training expenses or for the employee to attend training courses.

# 4. EMPLOYMENT AND LABOUR

## 4.1 Overall development

In 1987, the retail trade employed 17.012 people, 11% of the working population in Luxembourg.

Tables 4, 5 & 6 illustrate that:

- employment in the retail sector has developed slowly: the rate of increase between 1975 and 1982 was 3.5% and between 1982 and 1987 4.1%.

The growth in the number of people employed was largest in the food sector (+8.5% between 1975 and 1987). There was a reduction in the clothing and electrical household appliances sectors (where the small independent shops were replaced by the large self-service stores).

- The proportion of salaried staff in the retail sector increased (in all sectors), but the proportion of independent shop owners and assistants in specialist shops decreased (-40% between 1975 and 1987).

## 4.2 Characteristics of employment in retailing

With regard to the special geographical location of Luxembourg, problems related to employment in retailing are affected by conditions in neighbouring countries given the fact that more than 50% of the retail trade labour force comes from France, Belgium or Germany. Any changes in working conditions in these countries would have repercussions in the Luxembourg retail trade sector (e.g. wages, working hours, etc.).

At the present time, working conditions in Luxembourg are more favourable than in neighbouring countries.

Training in the Luxembourg retail trade has to take into account, in particular, the following employment characteristics:

### - female workers

Overall, women represent 58% of the salaried workforce in the retail sector (situation in 1989). An analysis, based on sub-sector, shows that women tend to work in jobs traditionally held by women: food (69%), clothing (90%) shoes and leather goods

(92%). In contrast, in the areas of motor vehicles and electrical household appliances women account for only 12% and 44% of the salesforce respectively.

### - cross-frontier workers

No statistics are available on the number of cross-frontier workers employed as salaried staff in the Luxembourg retail sector. According to estimates their number is in excess of 50% and they are found particularly in more menial jobs (teaboy, shelf-filler, sales assistant, etc.).

### - part-time workers

Part-time workers accounted for 11% of salaried manpower in the retail sector in 1989. In all sectors part-time workers account for 8% of salaried staff. Part-time work is particularly important in the food sector (9%), clothing (16%), leather goods (20%), household and electrical appliances (10%). In these particular sectors more than 90% of the workers are female.

### - staff turnover

Staff turnover has a significant effect in the retail trade, particularly in the food sector. This is due to the relatively low rates of pay in this sector of employment in comparison with other sectors. The actual number of people working for the minimum wage (between FLux 30,835 and 38,927 net depending on the level of qualification and family situation) is comparatively high (unions estimate it to be more than 70% in the food sector). However, the low salaries are, in turn, related to the low level of qualification of most of the workers in the sector.

Nevertheless, in view of technical and economic developments within the sector in recent years, there is a growing need for qualified staff, even in the lower grade posts in the big department stores. For this reason, more and more large companies are trying to upgrade their staff by offering them on-the-job vocational training. The effect of this policy in the medium to long term will probably be a reduction in staff turnover and an increase in salary levels.

Table 4 - Retail trade - number of people employed  
(salaried and non-salaried employees)

Type of business		1975	1982	1987
Food, drinks, tobacco products	A.F.	4,893	5,121	5,307
Pharmacies	A.F.	379	443	474
Medical, beauty & health-care products	A.F.	211	237	288
Clothing	A.F.	2,856	2,690	2,715
Shoes and leather goods	A.F.	591	621	625
Soft furnishings	A.F.	177	179	173
Household goods	A.F.	2,380	2,237	2,144
Books and newspapers	A.F.	1,647	1,661	1,736
Motor vehicles & motorcycles	A.F.	2,086	2,514	2,705
Fuel and lubricants	A.F.	566	631	786
Total	A.F.	15,786	16,334	17,012

A.F. = Absolute Figures

Source: STATEC - Annuaire statistique du Luxembourg

Table 5 - Retail trade - number of non-salaried employees

Type of business		1975	1982	1987
Food, drinks, tobacco products	A.F.	2,157	1,291	1,167
Pharmacies	A.F.	93	85	77
Medical, beauty & health-care products	A.F.	55	60	54
Clothing	A.F.	581	369	334
Shoes and leather goods	A.F.	160	115	104
Soft furnishings	A.F.	44	28	25
Household goods	A.F.	642	446	403
Books and newspapers	A.F.	771	612	553
Motor vehicles & motorcycles	A.F.	192	129	117
Fuel and lubricants	A.F.	384	332	300
Total	A.F.	5,079	3,467	3,134

A.F. = Absolute Figures

Source: STATEC - Annuaire statistique du Luxembourg

Table 6 - Retail trade - number of salaried employees

Type of business		1975	1982	1987
Food, drinks, tobacco products	A.F.	2,736	3,830	4,140
Pharmacies	A.F.	286	358	397
Medical, beauty & health-care products	A.F.	156	177	234
Clothing	A.F.	2,275	2,321	2,381
Shoes and leather goods	A.F.	431	506	521
Soft furnishings	A.F.	133	151	148
Household goods	A.F.	1,738	1,791	1,741
Books and newspapers	A.F.	876	1,049	1,243
Motor vehicles & motorcycles	A.F.	1,894	2,385	2,588
Fuel and lubricants	A.F.	182	299	486
Total	A.F.	10,707	12,867	13,879

A.F. = Absolute Figures

Source: STATEC - Annuaire statistique du Luxembourg

## 5. CHANGING CONDITIONS AND THEIR IMPLICATIONS FOR TRAINING AND SKILL REQUIREMENTS

1.

### - From the economic angle

Retail businesses in Luxembourg are facing increased competition not only from large national companies but also from foreign companies who are establishing themselves in Luxembourg.

These companies increase competition by setting up a growing number of supermarkets and also by introducing new forms of distribution, e.g. discount trading whose success is dependent on a highly centralized method of stock control, quality control, reduction in packaging costs, and bulk buying of a limited range of products.

Moreover, in an attempt to maximize their sales area profits the supermarkets and hypermarkets are tending, increasingly, to subcontract parts of their stores to staff who manage them independently, drawing on a kind of "franchising". This change can increase staff motivation providing their level of qualification is sufficiently developed.

### - From the technological and organizational angle

The introduction of new technologies at management level in stores (scanners, electronic cash registers, cashcard payment, computerized stock control) will lead to an increased level of qualification amongst staff.

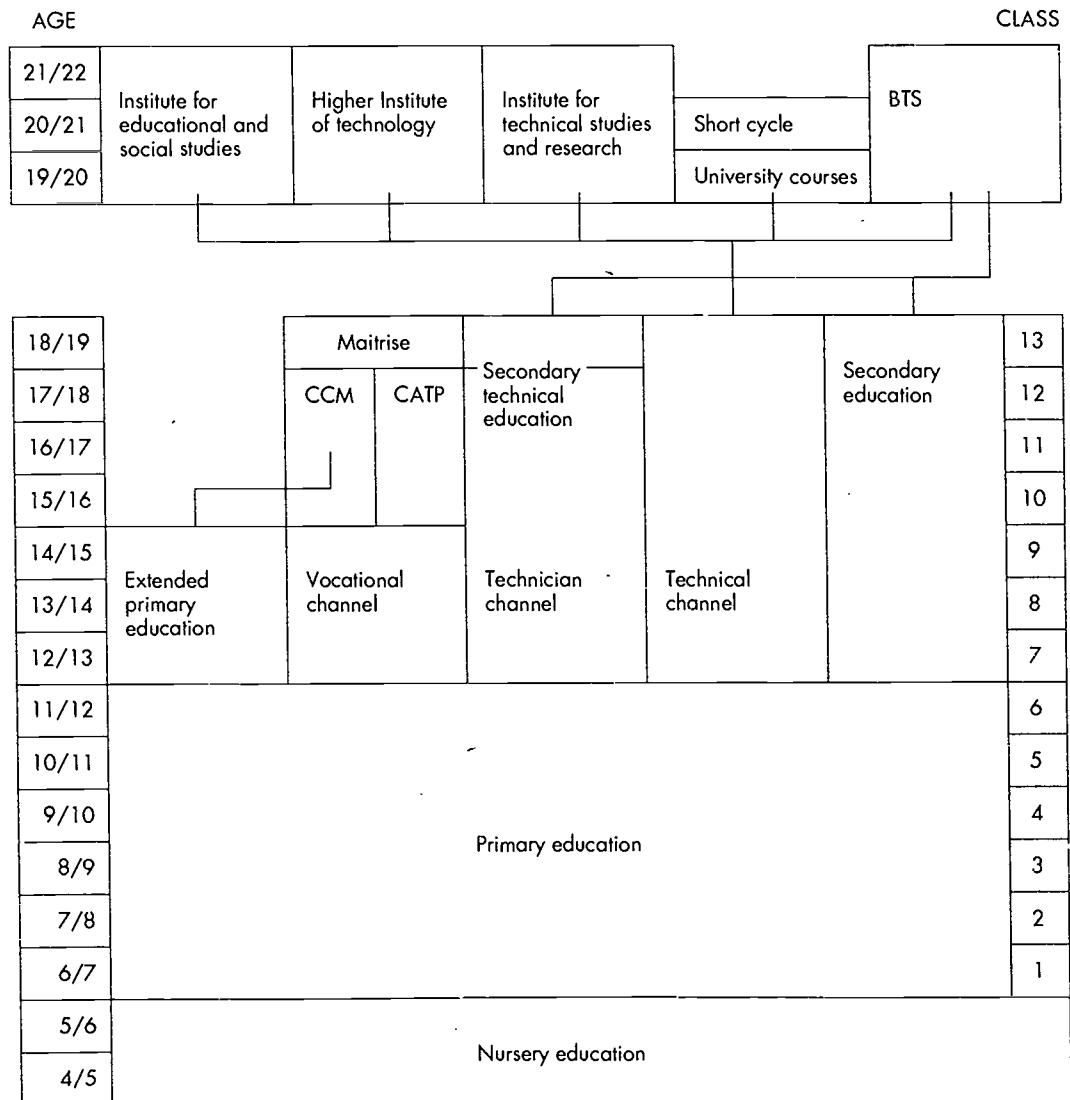
# 6. TRAINING AND RECRUITMENT



## 6.1 Initial vocational training

The Luxembourg vocational training system can be presented in diagram form as follows:

**The educational system in Luxembourg**



After primary level there are different educational courses which lead to training for jobs in the commercial sector.

### 6.1.1. Secondary technical education

#### a) The vocational channel

The vocational channel offers the simplest and most direct access to a professional qualification, the certificat d'aptitude technique et professionnelle - CATP (certificate of vocational and technical aptitude). Depending on the occupation, this comprises three courses of training:

- A 3 year course, consisting of practical on-the-job training combined with approx. 8 hours theoretical instruction per week at a technical school during the apprenticeship.

- Mixed channel: either one full year's instruction normally followed by two years of parallel instruction or two full year's instruction normally followed by one year's parallel instruction (the trainee attends vocational classes at a full-time technical school for one or two years and completes his training on-the-job).

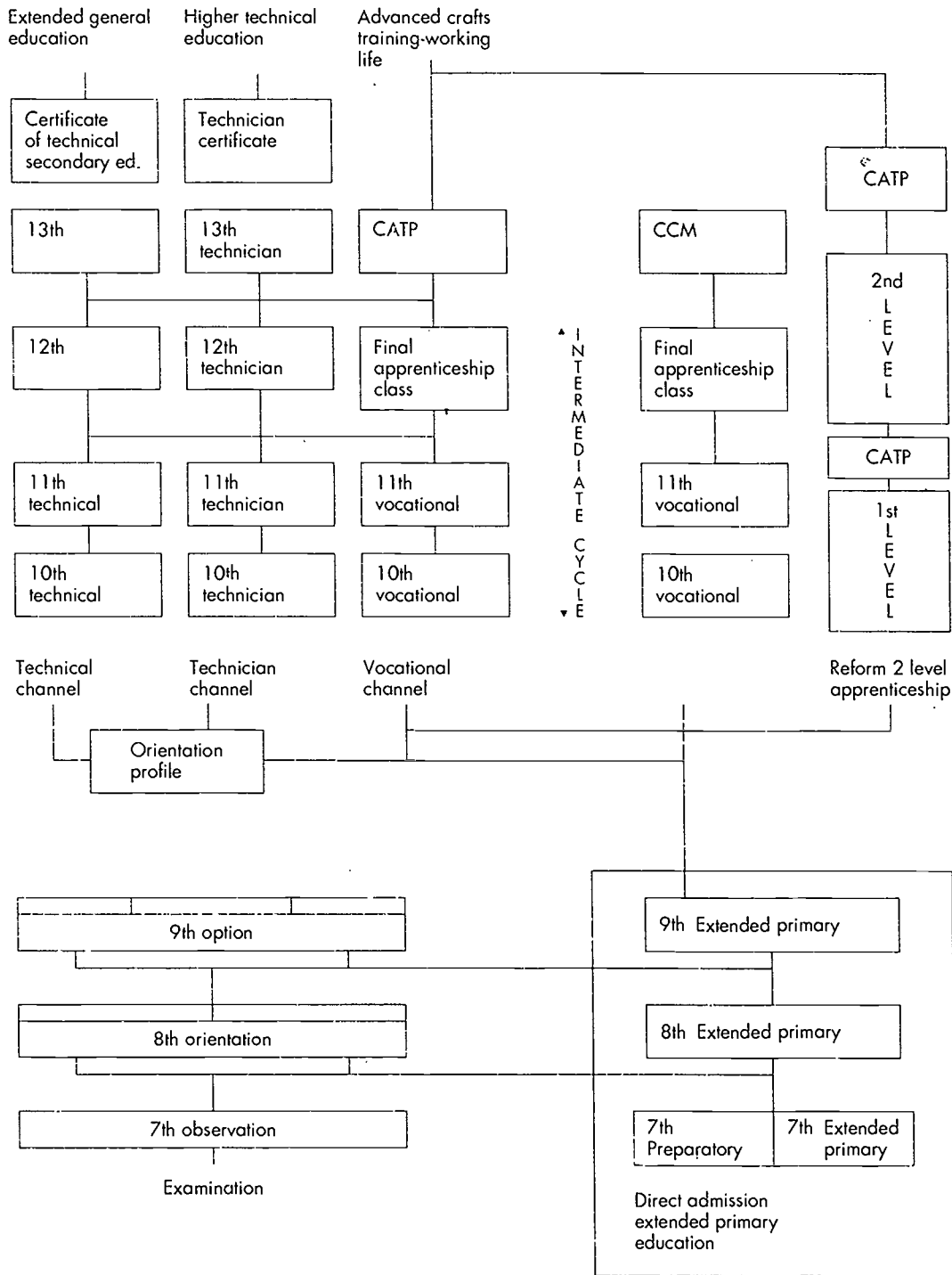
- Full-time channel normally lasting three years (training takes place in school only).

The list of trades and occupations which ascribe to one or other of the channels, as defined by Grand Ducal decree, on advice from the relevant professional bodies are:

1. agriculture
2. craftwork
3. commerce

1.

### Secondary technical education



4. hotel and tourism
5. industry
6. domestic science
7. paramedical and social work

class. The examination at the end of the apprenticeship is a national examination and both the theoretical and practical results are taken into account.

At the end of the apprenticeship, the apprentice sits an examination leading to the CATP. The theoretical part of this examination takes place after the 11th class; the practical after the 12th

In the context of educational reform in Luxembourg, there are plans to introduce a two-stage apprenticeship, in the form of study units, also leading to the CATP. This training is especially



aimed at pupils who, whilst being able to learn the practical aspects of a job, may have difficulty with the theoretical part.

Besides the CATP, the "certificat de capacité manuelle" – CCM (certificate of manual skills) also provides access to some craft trades.

After acquiring the CATP, students may go on to sit for the "brevet de maîtrise" (supervisors certificate).

#### b) Technician training programme

This consists of a full-time course for pupils preparing to sit the "technicien du cycle supérieur" (senior technician cycle). This course aims to train a highly skilled workforce thanks to very concentrated vocational training.

#### c) Technical programme

This course prepares students for the higher technical level; it offers training for technical and administrative managers.

### 6.1.2. Higher technical and commercial education

After the secondary technical education there are two alternatives for higher technical and commercial education:

- the "Brevet de Technicien Supérieur" – BTS (senior technician certificate) which was introduced in the Act of 4 September 1990 relating to the reform of secondary technical education. This is a two year course, either full- or part-time classes combined with time in a company. There are three options:

1. Accounting and company management
2. Secretarial and office automation
3. Cartoonist

The course is designed to develop the general and vocational skills required by companies.

- The short cycle of higher studies in management offered by the university law and economics faculties is a full-time two year course. During the first year the course covers informatics and management. In the second year management is divided into various subsections: commerce and banking, company management and control. The subsection informatics becomes management informatics. The course is designed for students seeking jobs in middle management in businesses.

Apart from training in school it is apparent that more training is being undertaken inside companies themselves, for example the "CATP-Match" and "CATP-Cactus" certificates are awarded by companies to apprentices who have undergone training within the company over a period of three years.

In addition to the "CATP-company certificates" for apprentices within the framework of initial vocational training, the same firms (Cactus, Monopol, Match ...) issue "CATP-company certificates" to staff who, parallel to the alternance apprenticeship have attended on-the-job training for a period of three years.

Besides these "CATP-company certificates" issued to trainees undergoing **initial** training, the same large companies (CACTUS, MATCH, MONOPOL, ...) issue these certificates to employees and/or workers who, parallel to their work, have attended **continuing** training within the company for a certain number of years.

These "CATP-company certificates" are recognized by all firms in the sector and thus are of real value to holders in terms of career prospects.

### 6.2 Recruitment – selection criteria

No statistics are available concerning the distribution of workers in the retail trade by qualification. The heads of companies estimate that a large majority of staff are not highly qualified:  $\pm 50\%$  of workers and sales staff do not have the CATP,  $\pm 30\%$  of sales staff and department heads have the CATP or a secondary school-leaving certificate,  $\pm 20\%$  of middle management (first cashiers, sales staff with CATP-Cactus, chief cashier ...) and senior management.

Bearing in mind the relative shortage of apprentices in the retail trade, the criteria for recruitment of manpower to low grade posts are very limited. Availability and flexibility are the main criteria for recruitment.

A detailed analysis of the criteria for recruitment in the various types of jobs will be made in the case studies.

### 6.3 Continuing vocational training

On the one hand, there is no legal obligation for firms to provide continuing vocational training for their staff (apart from the training leave envisaged by the Act of 1979 for staff representatives).

On the other hand, the state makes no financial contribution to the vocational training provided by the companies themselves. However, courses, conferences and seminars run by the professional bodies, by the Luxembourg Office for Increased Productivity and other public institutions are subsidized by the relevant ministries.

Generally speaking, vocational training in the retail sector is very limited. It is estimated that only 25% of companies regularly enrol their staff for courses organized by external training bodies. Only the larger companies have an internal continuing vocational training structure. The majority of small and medium-sized companies limit themselves to the technical training of their staff (e.g. use of new cash registers).

## 7. CONCLUSIONS

Given the characteristics of employment and continuing vocational training in the retail sector described in the preceding pages, it would be interesting to study, in particular, the following points in the case studies:

- As regards on-the-job training in the company studied:
  - Who are the real targets for training?
  - To what extent does training take account of the special needs of each group?
  - What is the purpose of training?
  - What are the advantages of training for both the employer and the employee?

An analysis of the answers to these questions should enable us to see to what extent training contributes to and develops not only the image of work in the retail sector but also the socio-professional situation of those who work in it.

- As regards the relations between companies in the sector:

In addition to analyzing the effect of training, it would be interesting to study to what extent the experience of the company could be transferred to other companies in the sector. This would mean that the positive effect of training for staff and employers could be extended to the whole sector and thus make a real contribution to the retail sector.

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"Nombre de personnes occupées du commerce de détail"  
"Nombre de non-salariés du commerce de détail"  
"Nombre de salariés du commerce de détail"  
:STATEC Bulletin No. 4/1989

## Ministère des Classes Moyennes et du Tourisme (Ministry for Small and Medium-sized Enterprises and Tourism)

- "Guide de l'Entreprise '91", Armand Berchem, Fiduciare of the SMEs

## Interviewees

### Professional bodies

- Chamber of Commerce  
Mr. Koedinger, Head of Vocational Training Department  
Mr. Kandel, Department of Vocational Training
- Chamber of Trade  
Mr. Mathgen, Head of Vocational Training Department

- Chamber of Private Sector Employees  
Mr. Wiltgen, Director

### Trade unions

- OGBL  
Ms Nieves, union secretary
- LCGB  
Mr. Niko Hoffmann, union secretary  
Mr. Jos Freylinger, union secretary

### Confédération des Commerçants Luxembourgeois

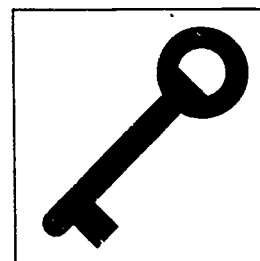
- Mr. Faber

### Companies

- CACTUS  
Mr. Steil, personnel manager
- MATCH  
Mr. Birger, personnel manager
- MONOPOL  
Mr. Regul, personnel manager
- ADLER  
Mr. Weiherich, personnel manager
- Coopérative des Cheminots  
Mr. Gag



## **PART 2:**



**2.1 Adler S.A.**

**2.2 Cactus S.A.**

## 2.1 ADLER S.A.

2.

### 1. General description of the company

#### 1.1 Structure of the company

ADLER MODE was set up in 1981 as a public limited company. It is the first Luxembourg store of the German group ADLER MODE located in Haibach. In addition to the store in Luxembourg, the ADLER group has 47 stores in Germany and 9 in Austria employing a total of 6,000 people.

For four years ADLER MODE was part of the MATCH shopping centre in Foetz. It then moved, in 1985, to its own premises in the industrial area. Today it has a surface area of 3,100m<sup>2</sup>: 1,980m<sup>2</sup> of which is for sales and 1,120m<sup>2</sup> for a restaurant/cafeteria and offices.

In the store various articles of clothing are displayed and the cafeteria is often used for fashion shows and other activities.

ADLER's customers are mostly working and middle-class people in the 35 year + age group interested in purchasing moderately priced clothing.

Given its geographic location, the store attracts customers not only from Luxembourg but also from France, Belgium and Germany.

Although clothes are sold on a self-service basis it is the company's aim to provide a personalized service wherever possible. This means that the shop assistants have to be able to assess whether or not assistance should be offered to the customer and what form this should take.

In cases where the customer requires help the assistant must be able to provide technical information. This calls for thorough knowledge of the products and sales techniques.

This "customer service" is the main aim of the company's continuing vocational training programmes.

ADLER MODE Luxembourg has a staff of 78. It has the following organizational structure:

Contact between the departments and management takes place at various meetings:

- a weekly meeting between the personnel manager (who is also the general manager) with departmental managers
- a monthly meeting between the personnel manager with all staff from the various departments
- twice yearly, a meeting between the personnel manager and staff from the various departments, not including the departmental managers.

At these meetings information is exchanged on how the business is doing and how problems arising in the various departments can be resolved.

#### 1.2 Human resources

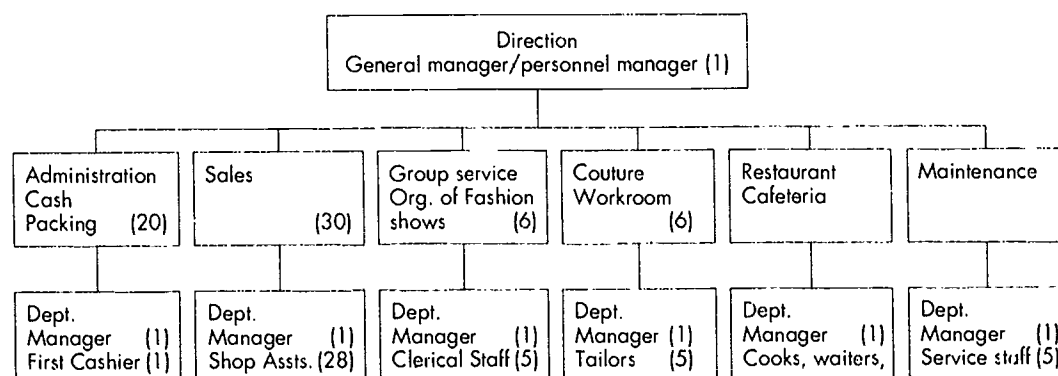
##### 1.2.1 Personnel structure

Since 1981 the number of employees has fluctuated between 75 and 78. 94% of employees are female; 87% of employees are between 25 and 50 years of age; 6% are under 25 and 7% are over 50.

As in other retail firms in Luxembourg, the proportion of cross-frontier workers employed in ADLER MODE is quite high: 35% of staff come from neighbouring countries, in particular France.

In contrast to the high level of staff turnover in other retail trades, ADLER has a relatively stable workforce, with an average turnover of only 4-5% per year.

One of the contributory factors to this stability is certainly the company's policy of systematically offering permanent contracts to its employees after a trial period of 3 months. On the other hand, the personnel structure is very homogeneous: the majority of staff members have practically the



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same level of education and seniority (5–10 years) and, since there are only a few occupational groups within the company, most employees are paid the same wage.

60% of the employees work full-time (i.e. 40 hours per week). Amongst those who work part-time, 45% work 20 hours per week and 55% work 30 hours per week.

### 1.2.2 Working conditions

The working conditions in ADLER group stores are, in general, governed by a collective bargaining agreement and are as follows:

- The shop is open from 9 a.m. to 7 p.m. on weekdays and from 8.30 a.m. to 7 p.m. on Saturdays.
- On a rota basis employees have a Saturday off and an extended weekend break. Staff take a 10-minute break every morning and afternoon.
- Annual holidays are set by collective agreement: 28 days instead of the 25 days stipulated in the Act.
- Employees are rarely required to work overtime but when they do they are paid at 1½ times the normal rates calculated on the basis of the monthly wage, less bonuses, divided by 173 (173 working hours per month).
- Work on Sundays and holidays is also regulated by collective agreement and when, exceptionally, employees are required to work they are paid double time.
- The basic wage for ADLER employees, fixed by collective agreement, ranges from FLux 36,100 for sales staff, cashiers, sewing room staff and other service staff members with less than 1 year of service to FLux 56,400 for departmental managers with more than 15 years service.

### 1.2.3 Qualifications and recruitment

A large proportion of the **sales and service staff members** have a medium or low level of education (usually up to the end of compulsory education at the age of 16) supplemented by sound vocational training and experience in sales or service when recruited.

Relatively few people have their CATP and there are no apprentices at ADLER.

In addition to experience, interest in the job, flexibility and a willingness to learn are the main criteria for recruitment of employees. Basic qualifications are a secondary consideration.

**Department managers** are selected according to work experience, organizational ability, management skills and ability to take responsibility. These are considered to be more important than theoretical knowledge.

Therefore, when a vacancy arises, it is the company's policy to fill the post from

within wherever possible before turning to external recruitment. In this way each employee is able to benefit from career opportunities in the company.

Apart from this, there are few promotion opportunities, given the limited range of categories within the various departments. Moreover, women, who represent the majority of staff, are not overly interested in promotion. Their ambitions are limited to doing a good job. This enables them to combine job satisfaction without this interfering in their private lives.

## 2. Training policy

### 2.1 Training strategy

Vocational training has been offered, by the parent company, since the store opened in 1981.

Nevertheless, until 1986 there was no formal structure for internal vocational training and only a few employees attended training activities organized by the store personnel manager. The emphasis during this period was more on on-the-job vocational training.

Since 1986 continuing vocational training has become more important. ADLER Germany has developed a formal internal vocational training structure with permanent staff responsible for developing training programmes. These programmes reflect the special needs of the company's growing staff and the various requirements of the different stores.

Thus, in order to adapt vocational training to the special features of the different regions, special training activities were organized for Luxembourg and Saarbrücken which has a similar commercial set-up (customers coming from neighbouring countries: Luxembourg, France, Germany).

This training focuses on the general approach to be adopted in line with the buying habits of customers from Luxembourg's neighbours: France, Belgium and Germany. This management training always takes into account the cultural background of these customers.

The programmes developed by ADLER's training division are also better suited to meet the everyday needs of the employees. Consequently, more staff members have participated in the training programmes on offer, especially those covering management, knowledge of new products and administration and sales techniques.

However, vocational training is not limited to internal ADLER programmes, it also includes training organized by external firms, corporate institutions (principally the Chamber of Commerce) which provide training in general subjects

(sales management, public relations, management, telephone sales, etc.) and other specialist firms which develop specific training programmes at the special request of ADLER Luxembourg (e.g. one of the 1991 training courses, for all staff, concerned sales methods).

Whereas ADLER training programmes are mainly attended by departmental managers, sales staff and clerks, the external training has, until now, only been attended by departmental managers.

In order to promote training for service staff and sewing room staff who, up to now were less involved in vocational training because of linguistic problems, the company plans to organize German classes within the firm.

In addition to training organized by ADLER and by external firms, communication between employees is improved by meetings where department managers demonstrate new sales techniques to their staff using training videos. Once a month the personnel manager invites all staff to a lecture on a special subject in tune with staff needs.

All these training activities are carried out during working hours and attendance is optional.

The training programme is developed by the central service for vocational training in Germany in collaboration with the general manager of ADLER MODE Luxembourg. Once a year the central services sends a questionnaire to its staff. Everyone then has the opportunity to participate and make suggestions for new programmes in line with staff needs.

For staff, participation in training is considered a motivating factor. In addition to the prestige enjoyed by the participants amongst fellow staff and approval from his/her employer, the staff feel that the training has a positive influence on their professional life within the company. Employees feel more self-confident because they are better informed about the products they sell and are, thus, more enthusiastic.

Nevertheless, currently there is no direct link between training and salary rises or internal promotion. Nor does management intend to introduce formal recognition for training in the form of a salary rise.

However, indirectly the employees will benefit financially because of the company's improved economic viability.

## 2.2 Training structure

The general training policy within the ADLER group is planned exclusively by the company's management in collaboration with the personnel managers from each independent national firm

and the parent company's personnel management and training offices.

Once an ADLER training programme has been developed, it's over to each personnel manager to decide in which activities or programmes it would be useful for his staff to participate.

Although the employees and their representatives can make suggestions for new training programmes or methods, they do not formally take part in the decision-making process. Similarly, the collective bargaining agreement does not envisage the right for staff to attend training within the company, apart from the training leave for staff representatives in accordance with the Act of May 1979.

However, this situation appears to be satisfactory for ADLER staff. When asked whether they wanted to include the statutory right to training in the next collective bargaining agreement, their response was that, since the actual opportunities for training were well developed and adapted to their needs, this did not seem necessary.

Concerning training expenditures, it was very difficult to ascertain the real costs of training for ADLER Luxembourg since all internal training expenses are borne, centrally, by ADLER Germany.

The central service for vocational training in Germany has, at present, eight full-time employees who have experience in sales and management in addition to initial training in retail, psychology and educational science. In addition, ADLER sometimes call on external trainers for specific programmes.

### External Structure: Chamber of Commerce

The Chamber of Commerce is a professional body representing commercial and industrial companies in Luxembourg. It has 1,300 registered members.

The Chamber began vocational training for Luxembourg employees in 1948, initially in book-keeping for beginners and French lessons (which were banned during the German occupation in the 2nd world war). Through these training courses the Chamber contributed actively to a recovery of the national economy. Once it became known and recognized by companies, training increased rapidly.

In 1976 continuing vocational training was placed under the aegis of the "Comité de promotion professionnelle pour le commerce et le secteur HORECA (hôtellerie, restauration, cafétérie)" [committee for the promotion of trade and the HORECA sector (hotels, catering and pubs)]. This new organization assumed responsi-

bility for the supervision and coordination of training activities.

The committee is made up of:

- 3 members of the General Assembly: 1 representative each from the retail, wholesale and HORECA sectors;
- 2 government representatives: 1 representative from the Ministry of Education and Youth, 1 representative from the Ministry of Small and Medium-sized Enterprises and Tourism;
- various experts.

Given the success of training activities, a second department was set up in 1982, with responsibility for elaborating and running management training courses for industry and the services sector.

In addition to continuing vocational training, the Chamber of Commerce, the Chamber of Private Sector Employees and the Chamber for Workers are also responsible for the initial vocational training for apprentices from commerce and industry.

This initial vocational training comprises practical apprenticeship in the firm accompanied by theoretical instruction in a technical grammar school in line with national programmes laid down by the professional bodies and the Ministry of Education. On completion the participants receive the CATP. This is a national exam, organized by the appropriate professional body under the control of the Director General for Vocational Training at the Ministry of Education. The CATP certificate is awarded jointly by the competent professional bodies and the Ministry of Education.

As regards continuing vocational training, the Chamber of Commerce operates with a team of ±60 course instructors and 25 consultants who carry out training activities on the basis of part-time contracts.

Three different types of training are provided:

1. Continuing vocational training
  - a) evening classes in book-keeping, correspondence, fiscal matters, economics
  - b) vocational training for salaried staff
2. Accelerated vocational training
  - a) for tradespeople
  - b) for pub owners
  - c) for carriers
3. Seminars and conferences
  - a) company management
  - b) finance and accounting
  - c) marketing
  - d) business management
  - e) personnel management
  - f) technical management

- g) computer management
- h) general culture

Relatively long continual vocational training and accelerated vocational training courses are held throughout the year whereas seminars/conferences are generally held for a period of between 1 and 5 days depending on the complexity of the subject.

In 1991, 2,600 peoples attended courses at the Chamber, 725 attended conferences. The latter were primarily aimed at managers from commerce (wholesale, retail and HORECA).

Courses organized by the Chamber are partly financed by enrolment fees, partly by the Chamber and partly by the state.

The Chamber of Private Sector Employees and the Luxembourg Office for Increased Productivity also provide continuing vocational training on a similar basis to the training offered by the Chamber of Commerce. To date these courses have not been attended by ADLER MODE employees.

### 2.3 Impact of new technologies, consumer legislation, etc., on training

Three main factors have affected training strategy at ADLER MODE:

#### a) Technological:

The introduction of electronic cash registers, scanners, cashcard payments, coupled with a reduction in personnel costs and the constant introduction of new types of textiles leading to increased requirements in staff skills and qualifications.

#### b) Commercial:

The company sells clothing on a self-service basis but special attention is required to ensure a personalized service to the customer who requires information and assistance. Staff need to develop sales techniques as well as product knowledge.

#### c) Environmental:

An increased awareness of environmentally compatible products and packaging has led to the appointment of a member of staff "responsible for the environment" who must receive training.

### 2.4 Role of the social partners

Three trade unions represent the staff at ADLER MODE: LCGB (Christian Union), OGBL (Free Union) for workers and employees and FEP-FIT & Cadres which is the federation of private sector employees – the independent federation of workers and managerial staff.

The level of union membership is relatively high: 50 to 70%



Nevertheless, the relationship between the trade unions and the company is good. There are regular meetings at which the staff representatives defend the interests of their members and at which management advise them of new regulations or problems arising.

The first collective bargaining agreement was signed in 1990. This agreement lays down, very precisely, working conditions and remuneration. A new collective agreement is anticipated in 1992.

Concerning vocational training, the collective agreement provides for training leave for staff representatives which permits them to participate in various training activities without loss of pay. These provisions are covered by the Act of 18 May 1979, Art. 26. Regular talks between union and management take place at monthly meetings when problems are discussed. In addition, staff representatives meet the personnel manager on a regular basis in order to discuss the problems raised and ways of resolving them.

Training is highly thought of by the staff representatives: it motivates the employees which, in turn, leads to better results for the company and, by extension, for the employees themselves.

## 2.5 Description of main programmes

The main courses attended by ADLER employees in 1991 were on the one hand training courses aimed at departmental managers and clerical staff and on the other hand product-related courses aimed at sales staff. These courses were all provided by the training service at ADLER Haibach.

### 1. Courses for departmental managers.

These courses are based on a series of independent modules.

- Module I lasting 5 days: The number of participants is limited to 16. It tests the management style of the departmental managers, helps them identify the positive and negative aspects of their management as well as its effects on staff behaviour. Further, it aims to bring about sound improvements in everyday management.  
Main topics dealt with are: management principles, communication skills, team work, management styles, motivation, feedback.
- Module II lasting 5 days: This course aims to demonstrate to participants how they could improve their working techniques and time planning and learn new management skills.
- Module III lasting 3 days: During this course participants learn how to use their management skills more effectively: design of an

interview questionnaire, selection, recruitment and supervision of new staff.

2. Courses aimed at sales staff which essentially concern improving knowledge of new products. These courses are also based on several modules. The basic module lasts for 5 days, dealing with the basic principles of textiles, their origin, characteristics and selling techniques. The following 3 modules deal, more precisely, with the different types of fibres, their characteristics, uses and cleaning and selling techniques.

All the courses provided by ADLER Germany are based on training videos, group discussions, case studies and other practical tests.

## 3. Evaluation

### 3.1 By the company

The company believes continuing vocational training to be very beneficial for its employees. As a result, the social atmosphere has improved, the employees are more self-confident, have developed better contacts with the customer and enjoy being at work more.

In addition, the financial results have improved although the global objectives have not yet been achieved.

The company intends to increase continuing vocational training in the future. It plans to extend employee participation in vocational training and to create a basis for training those employees who, until now, were less involved in training because of language difficulties.

### 3.2 By the employees and/or their representatives

For employees training is an extremely motivating factor and advantageous to their working life within the company.

Concerning the specific courses on offer, the employees state that they are "well done", that the techniques employed "are very well suited and interesting".

Nevertheless, they suggest that some programmes offered by the central service of vocational training in Germany should take more account of the special needs of the Luxembourg employees. For example, in the case of courses on book-keeping, the methods used in Luxembourg are quite different from those in Germany.

Therefore, external training is very welcome. The courses organized by the Luxembourg Chamber of Commerce are considered better suited to the special needs of ADLER MODE employees in Luxembourg.

There is a general desire to extend participation in these training activities to the sales staff who, until now have been more involved in the German training programmes.

### 3.3 By the author

The training policy of ADLER MODE in Foetz appears to be very coherent. In fact, it has different objectives which are interrelated, hence:

- as a motivation factor, training contributes to a good social atmosphere;
- as a means of improving employees' qualifications, training allows the company to have a stable personnel policy because of the possibility of filling posts internally;
- as a factor for providing personalized services, training contributes to improving the image of ADLER amongst customers, this means better results for the company and its employees.

The internal structure is used to provide basic training and the external structure is used for more specific training and this seems adequate for the company's needs at the moment.

In the future, training will be successful if:

- It continues to be a motivating factor. Therefore, it has to be extended to all staff members.
- It does not contribute to the creation of social differences between staff members.
- General training by ADLER Germany is supplemented by specific internal training provided by the management of ADLER Foetz.

### 4. Transferability

The company under study could serve as a model for those firms whose personnel structure is relatively homogeneous, i.e. where only a few categories of staff are involved and thus no evident hierarchy exists. For these firms, continuing vocational training should aim to increase motivation and to develop a stable social climate.

In addition to this social aspect, continuing vocational training would have direct financial implications as long as the training programmes are well conceived and well organized. In this connection, staff motivation would have a direct effect on sales and on the company image and would help to improve the remuneration and general working conditions of staff.

### INTERVIEWEES

#### ADLER MODE S.A., Foetz

Mr. Weiherich, general manager/personnel manager

Ms. Arend, LCGB staff representative  
5 people who have attended various training programmes

#### ADLER BEKLEIDUNGSWERK AG & CO. KG, Haibach

Ms. Brandwein, responsible for central vocational training service

## 2.2 CACTUS S.A.

2.

### 1. General description of the company

#### 1.1 The company structure

CACTUS is the largest company in the Luxembourg food retail sector. It has a staff of 2,300 people and is the third largest employer in the private sector in Luxembourg.

The CACTUS group commenced its activities in food retailing in October 1967 with the opening of the first CACTUS supermarket in Bereldange with a sales area of 1,000m<sup>2</sup>. In addition to general food products, the store offered customers a wide range of meat and bakery products.

In view of the success of this new retail formula, Mr. Paul Leesch opened a second CACTUS supermarket, in 1968, at Esch/Alzette.

CALAL ALIMENTAIRE, opened at Esch/Alzette in February 1972, was the first store where CACTUS offered third party retailers the opportunity to sell their products in independent shops within the supermarket.

A further step was taken in July 1974 with the opening of "Belle Etoile", the first shopping centre in Luxembourg, a hypermarket with a sales area of 8,700m<sup>2</sup>.

In the same year the Luxembourg Government introduced the "anti-hypermarket" Act, imposing a range of restrictions in order to limit the establishment and/or extension of large stores. The objective of the law was to protect the small shops, but the development of self-service shops had become an irreversible trend. The CACTUS group then opened a series of supermarkets in the 1980s, most of them with a sales area ranging from 1,000 to 2,000m<sup>2</sup>.

Currently the group owns thirteen supermarkets and two hypermarkets. Although the supermarkets

are distributed throughout the country in areas with a lot of passing trade, the hypermarkets are located on the fringes of the city of Luxembourg.

Customers come from all social classes. In the food sector mainly brand articles are sold whilst in the non-food sector mostly distributor brands (private labels) are sold.

In order to cope with the expansion of the group, CACTUS added to its stores, several "points of sale and internal production points":

RESUMA	- point of sale for supermarkets and fresh goods
CAFRUTA	- production point for fruit and vegetables
CATERMAN	- production point for restaurant services
BOUCHERIE CENTRALE	- production point for the meat trade
BOTEX	- point of sale for textiles
BRICOMEN	- point of sale for household goods and hobby articles
TORREFACTION de CAFE	- supplier to the 4 "BRUNO" shops

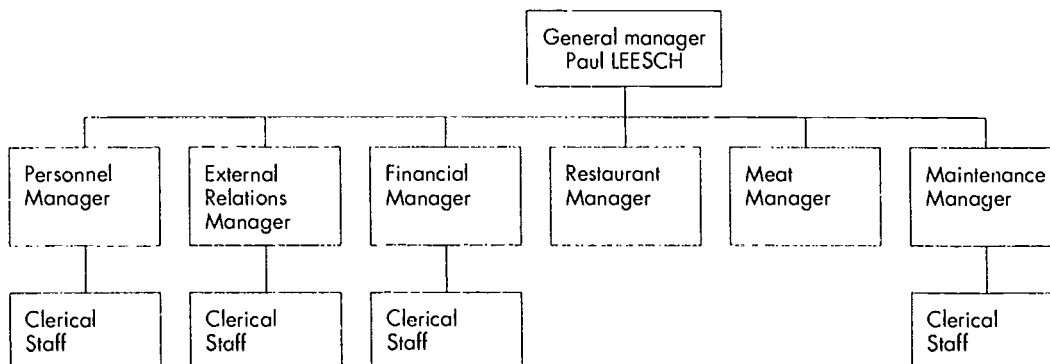
A new distribution centre in Windhof (area 74,000m<sup>2</sup>) was added to these points of sale in 1991.

In the near future a series of import projects are planned, principally the extension of existing supermarkets and the creation of two new shopping centres. Total investment programme is estimated at FLux 4 billion.

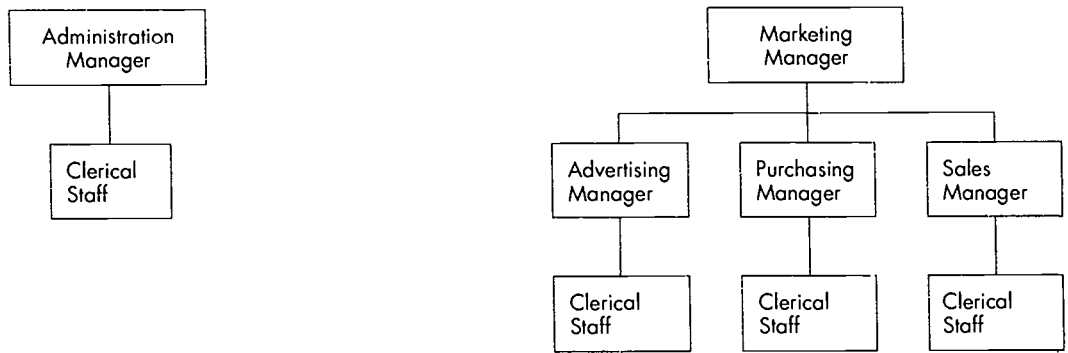
Regarding the company organization, different charts exist depending on the level of the company's hierarchical structure:

a) At management level

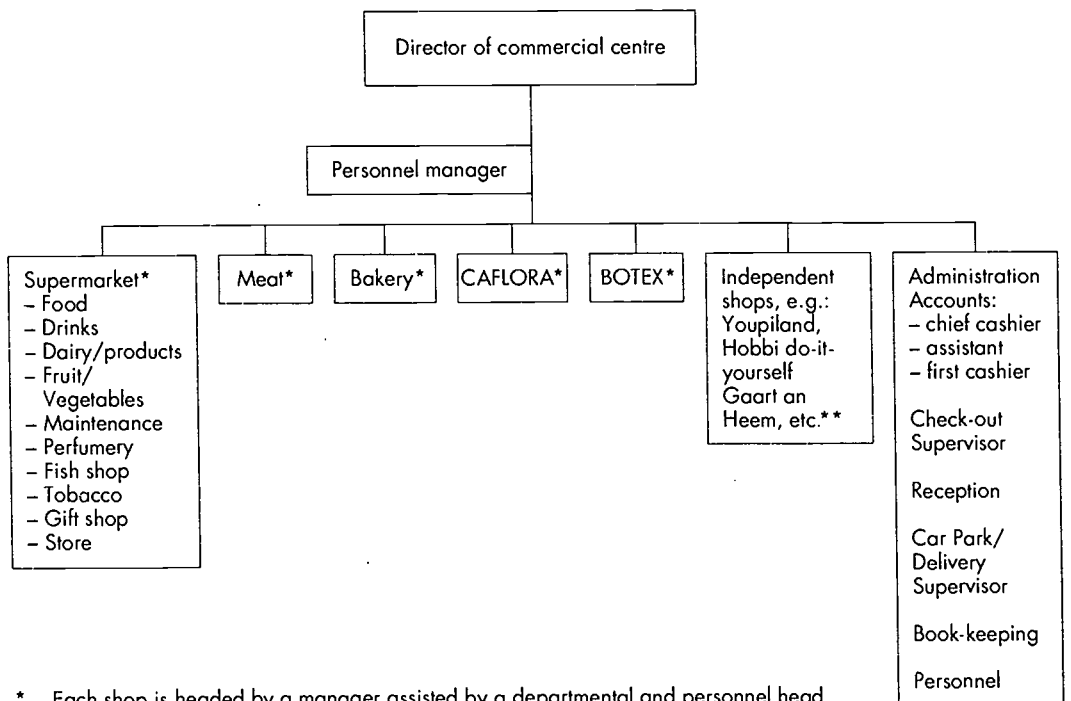
#### - Chain of command



- Chain of command



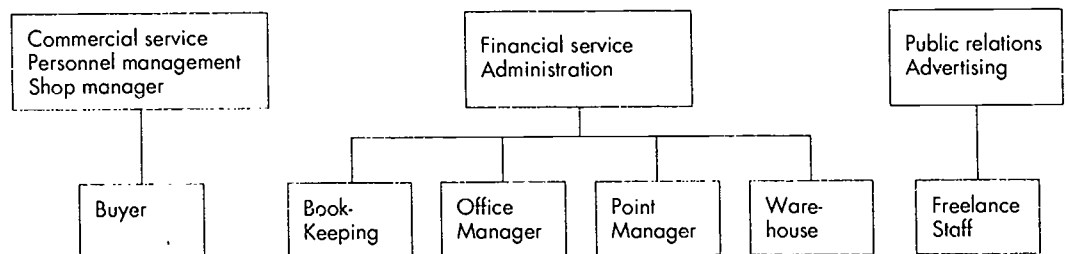
b) At hypermarket/supermarket level



\* Each shop is headed by a manager assisted by a departmental and personnel head

\*\* Each department is run by a departmental head assisted by deputies and staff members

c) At point of sale level



Contact between departments and central management is maintained through a series of meetings:

- A weekly meeting of store managers with their departmental managers. At these meetings the shop managers inform their staff about new products, commercial developments and personnel policy. The departmental managers provide information about developments and needs within their departments.
- Twice a month, the product director meets the marketing director to discuss the company's commercial policy.
- Twice a month the marketing and purchasing directors meet the shop managers to exchange information about the company's commercial policy.
- Once a month the point of sale managers, production managers and departmental managers meet to discuss the company strategy on products.
- The general strategy of the company is discussed at monthly meetings of the board of directors.

In addition to these formal meetings a series of informal meetings are held when it is necessary to discuss the company's development (e.g. change in July from a 40-hour to 39<sup>1</sup>/<sub>2</sub>-hour working week; training of cashiers, etc.).

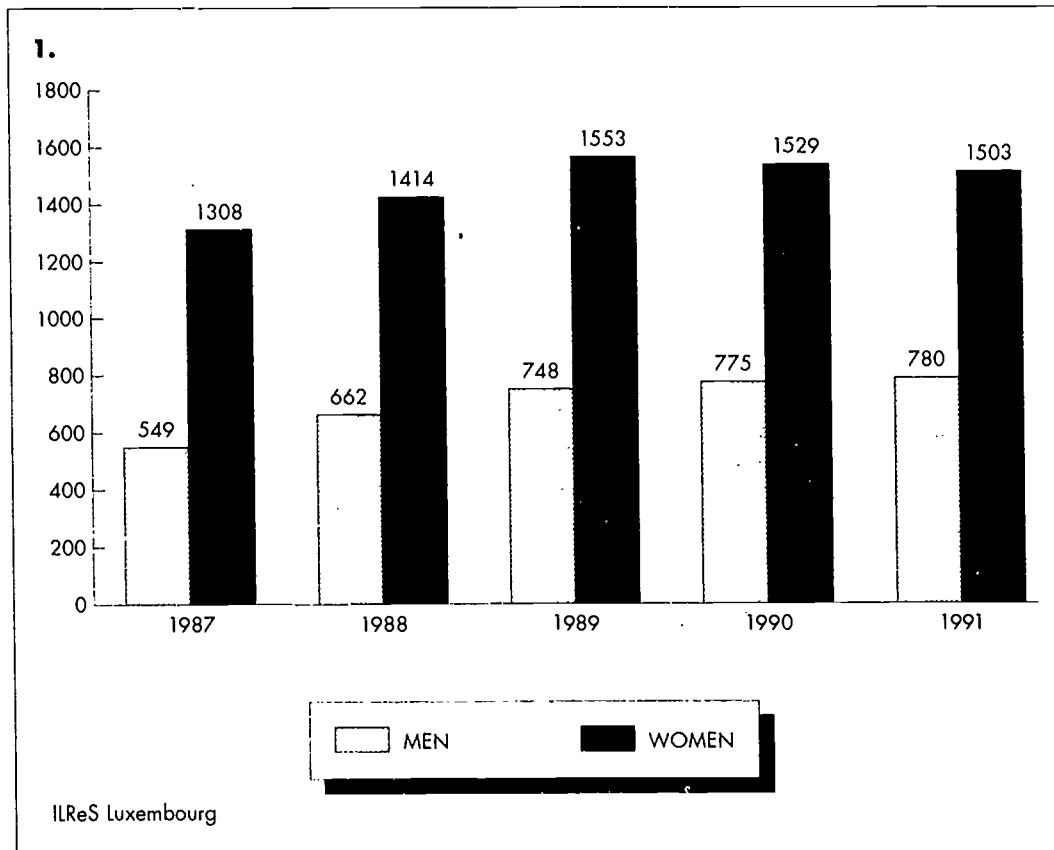
## 1.2 Human resources

### 1.2.1 Staff structure

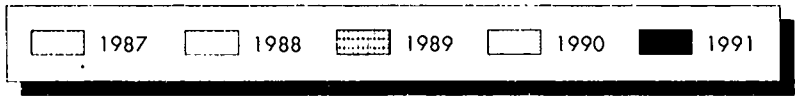
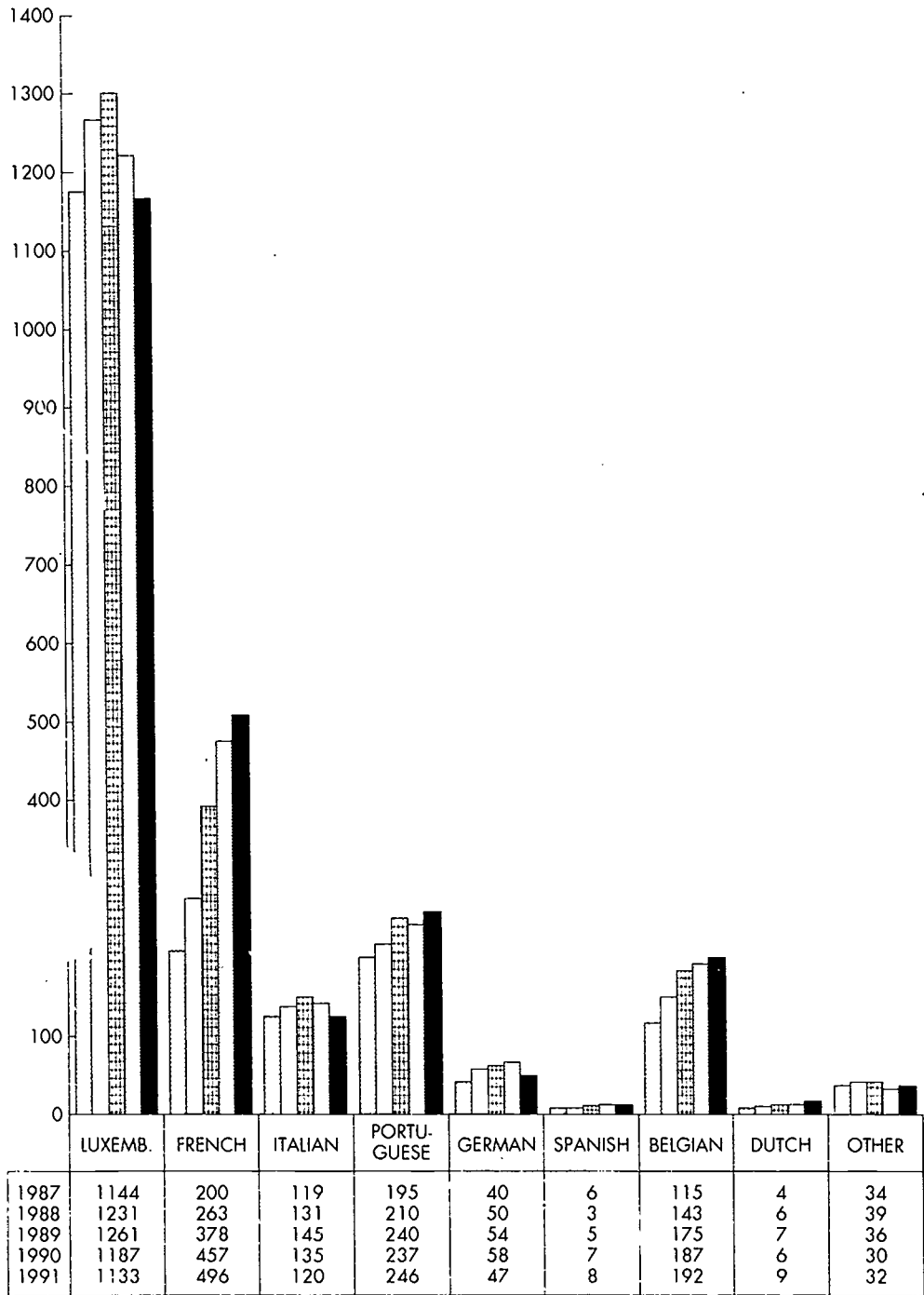
The following graphs show the main characteristics of the growth of the personnel structure within CACTUS since 1987.

According to these graphs, the personnel structure of the CACTUS group can be described as follows:

1. The **number of employees** has grown, in total, since 1987 (+23%). However, due to the fact that in the same period (1987-91) the sales area of their stores increased by 25%, the average number of employees per m<sup>2</sup> has fallen.
2. Of the 2,283 employees in 1991, 66% were women. The proportion of women has fallen slightly since 1987, at which time women made up 70% of the workforce.
3. The proportion of national and cross-frontier employees has evolved in favour of the cross-frontier worker. In 1987 they represented 38% and in 1991 50% of the workforce. This increase is particularly high in respect of French cross-frontier workers (+148%).

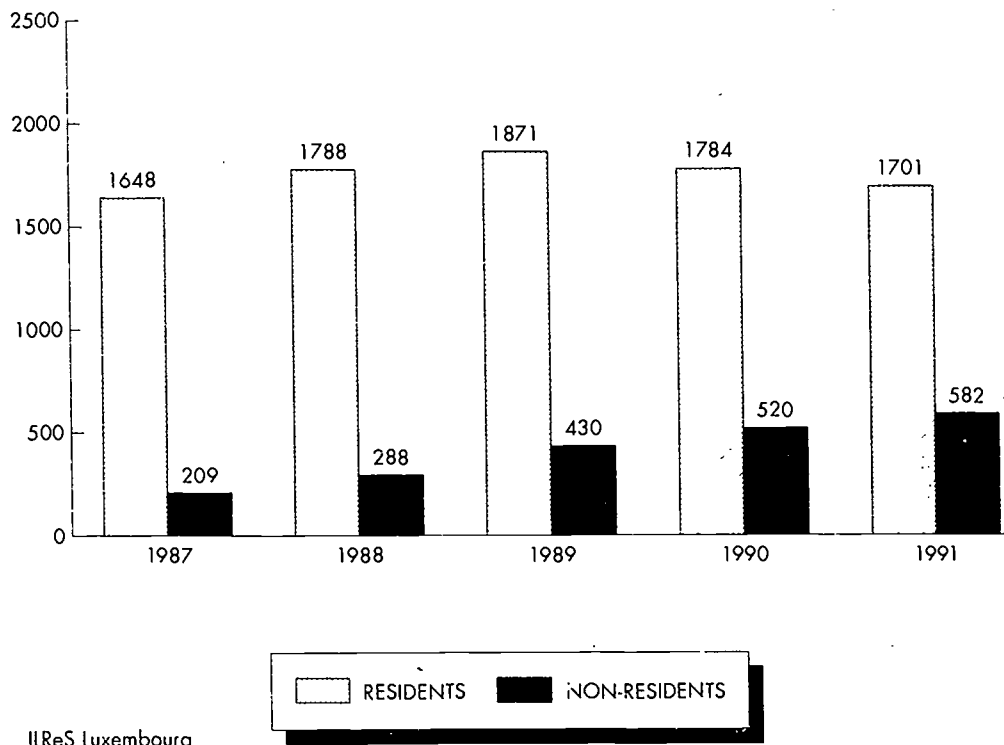


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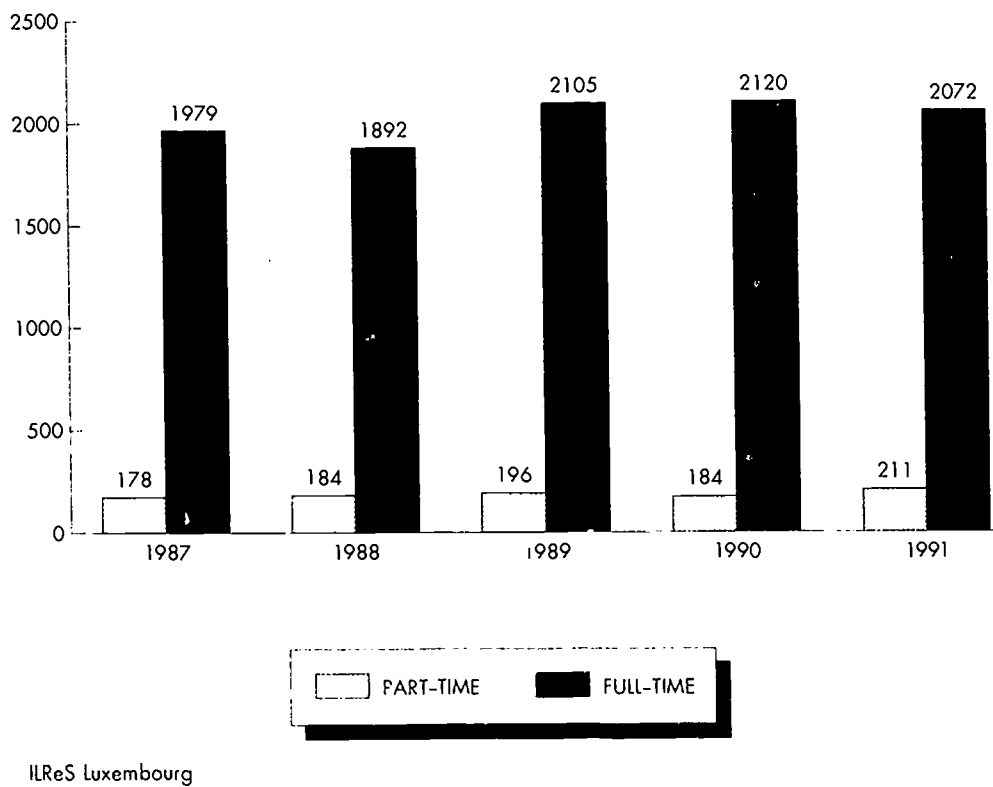


ILReS Luxembourg

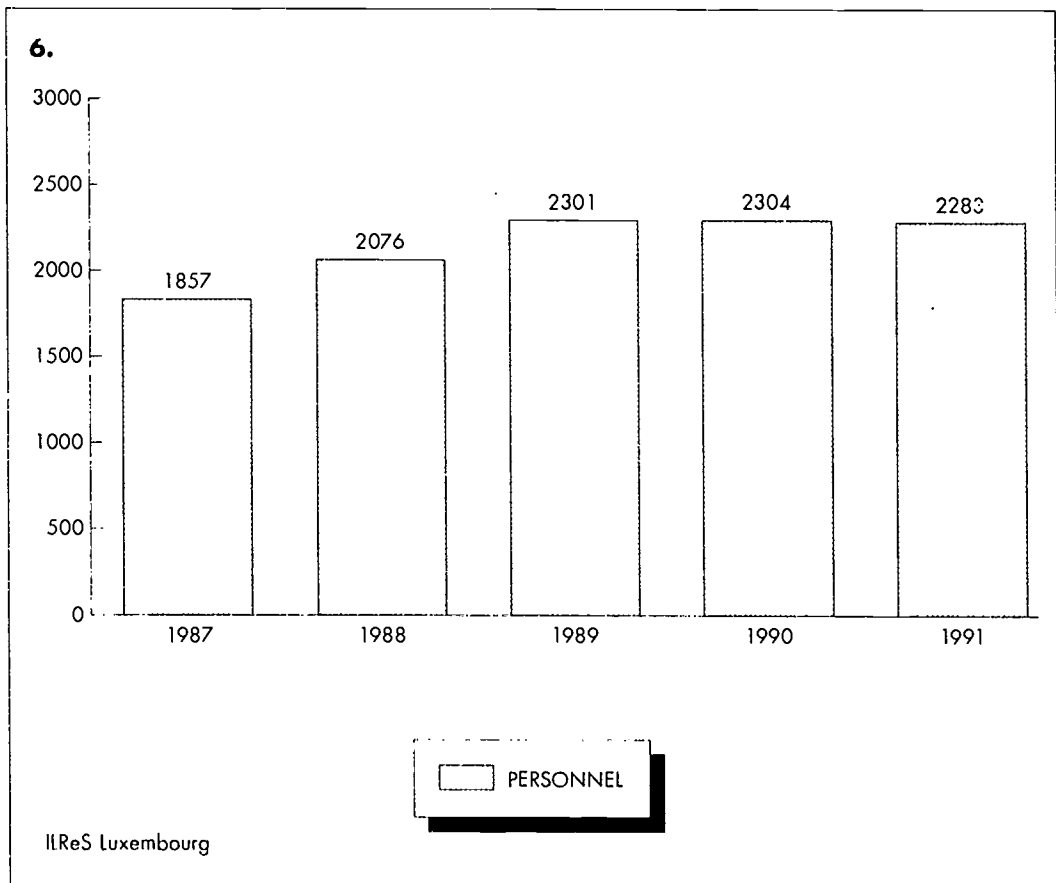
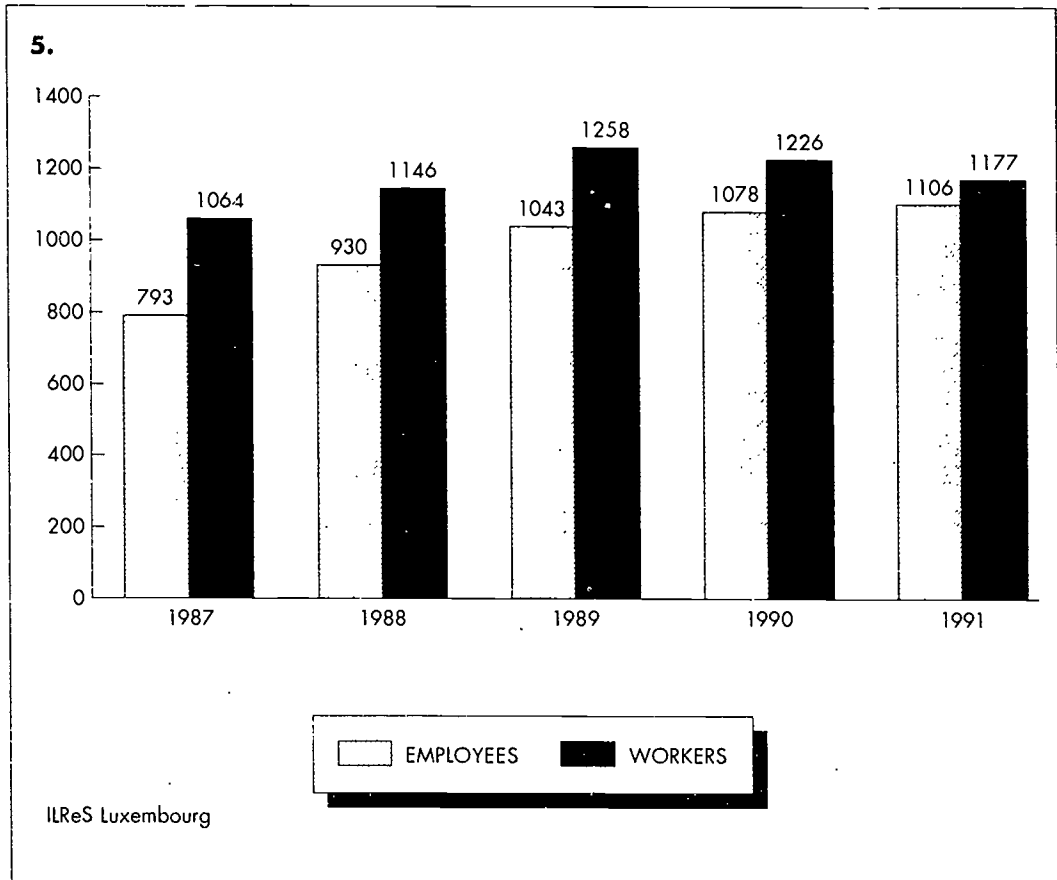
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4. However, due to the fact that the company has a clear organizational structure (fixed number of people per occupational group), the same proportion of employees and workers has been maintained from 1987 to 1991. There is a slight increase in the level of employees (more qualified staff).
5. Equally, the ratio of part-time to full-time workers does not vary very much. Part-time workers represent only 9% of employees.
6. Concerning the age structure of CACTUS personnel, 30% of the employees are less than 25 years of age, approx. 60% are between 25 and 50 and 10% of staff are over 50. The trend during the last 5 years is towards younger employees.

It is interesting to note that 96% of personnel have permanent contracts. Fixed-term contracts are only given in certain circumstances: for replacement during maternity leave or for foreign workers with a limited visa. Only 2% of staff have fixed-term contracts.

At present, the company has 37 apprentices (1.6% of staff) who have "apprenticeship contracts" for a period of 3 years.

As a result of this permanent contract policy on the one hand and the "loyalty policy" on the other hand (cf. further on in this report), staff turnover has been reduced from over 40% per year in 1987 to  $\pm 25\%$  in 1991 for staff working in administration, supermarkets and butchers shops. However, staff turnover in the restaurant is still 40% per year, mainly due to the high number of unskilled workers in this category.

### 1.2.2 Working conditions

Working conditions are based on a collective bargaining agreement; this covers:

- Employees work a 40-hour week. In July 1992, the working week is to be reduced to 39<sup>1</sup>/<sub>2</sub> hours. In stores open from 9 a.m. to 8 p.m. on weekdays and from 8 a.m. to 6 p.m. on Saturdays, the 6-day week applies. In central services (management, production points and points of sale) a 6-day or 5-day week is worked depending on requirements.
- Employees normally have one day or two half-days off per week. They have a 15-minute rest period per day when they work between 4 and 8 hours without interruption. On Saturday they have an additional 15 minute rest period. Those employees who start work before 7 am are entitled to a free breakfast.
- Employees do not usually work overtime, but when they do, they are paid time and a half.

Nightwork is rewarded by a 30% premium. Exceptional work, on Sundays and holidays, is paid double time.

- The annual leave entitlement is 26 days, as laid down by the Act of 20 September 1979.
  - The basic wage for employees is set by collective bargaining agreement, ranging from FLux 39,300 for sales staff and cashiers without training and less than 1 year of service to FLux 93,212 for departmental managers with 20 years service.
- In addition to the basic wage, the store manager may decide to increase his employees pay in relation to their performance. However, no commission is paid on turnover. Exceptionally, on the occasion of the 25th anniversary of the company, the CACTUS group management decided to award bonuses, called "Reward objective 92" to all its staff.

The system began in 1987 and ended on 31st December 1991. The accumulated "rewards" will be paid in October 1992 and the system is based on points.

The number of points is calculated yearly according to the level of the employee's performance evaluated during the year (the number of points varies from 1 to 10 per year).

The value of the points depends on the category of responsibility in which the employee has been classed. There are 3 categories of responsibility:

- \* Group A : Management
- \* Group B : Staff
- \* Group C : Part-time employees

The value of the points are fixed each year by management. In 1991 the following values were allocated:

- \* Group A FLux 6,000 per point
- \* Group B FLux 2,300 per point
- \* Group C FLux 1,150 per point

### 1.2.3 Qualifications and recruitment

75% of staff members are unskilled workers when recruited. They have a medium or low level of education: compulsory education to age 16 eventually supplemented by apprenticeship or work experience. This is mainly the case for *store employees* (sales staff, cashiers, etc.) and *service staff*.

CACTUS, like other firms in the sector, have difficulty recruiting *apprentices*. Only 2% of staff are *apprentices*.

*Departmental managers and administrative staff* generally have a medium level of education: CATP or an equivalent certificate and on-the-job experience.

For *management staff* (5% of personnel) however, theoretical training and qualifications are highly valued.

Owing to the company's organizational structure, the opportunities for promotion are very limited. Nevertheless, it is the company's policy, when there is a vacancy, to try and fill the post from within before turning to the external labour market. In this case the results of internal training courses are taken into consideration. During the training courses, trainers (who are staff members) are able to identify employees who are potential candidates for various posts within the firm. Thus training contributes, indirectly, to the promotion of employees within the company.

### Comments on problems

Problems arising due to the low level of initial qualification and high turnover of the majority of staff members are exacerbated by the special situation within the Luxembourg retail sector which depend largely on a workforce recruited from neighbouring countries (France, Belgium, Germany). Changes in the economic situation in these countries (e.g. if the minimum wage in France is increased) can lead to recruitment becoming even more difficult for Luxembourg retail firms.

Given this special situation in the labour market, it is absolutely essential to develop continuing vocational training in retail enterprises.

## 2. Training policy

### 2.1 Training strategy

Until 1987, no formal structure for internal vocational training existed. Occasionally some staff members attended specific training activities organized by outside firms.

Since 1987 personnel policy has changed. The company's management became aware of the importance of limiting staff turnover and increasing loyalty to the company. Different training programmes were progressively set up with the objective of making working conditions more attractive and the company more competitive.

On the one hand, CACTUS has developed a formal *internal* structure for vocational training. Each employee participates, at least twice a year, in training activities organized in the company. There are currently six programmes in the firm.

Furthermore, in addition to internal training, departmental managers and administrative and managerial staff may attend courses organized outside the firm both by companies and public institutions (Chamber of Commerce, Chamber of Private Sector Employees, Office for Increased Productivity, ...) or other specialist training firms

located in France, Belgium, Switzerland, USA, Germany.

In addition to this external training, visits are organized to other retail companies in Germany, France and Switzerland in order to give departmental managers the chance to study new practices applied in similar activities and to exchange experience.

In all cases the people selected to attend training activities are chosen by the personnel department in line with the training topic and the needs of the individual employee.

Training activities are carried out during working hours and attendance is not obligatory.

Concerning the pedagogical methods used in training, internal training involves essentially interactive learning methods (group discussions, case studies, video role-playing, etc.). The employees receive preparatory material for the course.

External training courses are partly given on an interactive, partly non-interactive basis.

The exchange visits are essentially practice-oriented.

Since there is no direct link between participation in training and remuneration or status, training is considered to be a motivating factor for internal promotion when a job becomes vacant in the company.

In future the company intends to increase the number of training courses organized to date and to introduce new programmes for cashiers and sales staff, involving psychological and behavioural elements.

### 2.2 Training structure

The person responsible for training is the personnel manager.

Training is organized exclusively by company management.

Although participation in training is covered by the collective agreement (cf. 2.4), neither the employees nor their representatives take part formally in the preparation of the training programmes. These programmes are developed by management. Once the managing director has given his approval for the overall budget, the personnel manager establishes the structure and fixes the content of the courses. To do this he seeks the assistance of specialist outside training bodies who advise on and help to formulate contents adapted to the needs of the special target groups within the company.

Training is generally carried out by internal trainers. Currently, the firm has four trainers. They belong to the management category and often have more than 20 years of service. Their work experience is supplemented by a wide training in psychology. In exceptional cases, recourse is made to external institutions for special training.

In addition to these internal and external trainers, suppliers often organize technical training for the company staff (e.g. use of new computers or cash registers).

Regarding the company's training expenditure, the study has revealed that up to 1987 the training budget was extremely limited. Only a few thousand FLux were available to cover the enrolment fees for departmental managers on one-off training courses. In 1987 personnel policy changed and internal training began to be formally organized and extended to all categories of staff. The budget for training activities in 1987-88 was FLux 34 million.

By 1992, the training budget had risen to FLux 55 million. This amount is financed solely by the CACTUS group. There are no subsidies or aid from Luxembourg for on-the-job training activities.

Moreover, there is no relationship between the training budget and group turnover. The amount is fixed according to the costs which have to be covered: preparation of training activities, costs for external training bodies, hire of training facilities, purchase of audio-visual training material, etc. and remuneration for internal trainers and staff members (cf. collective agreement). External training accounts for only 5% of training costs.

### External structure

For external training the study company calls on different national and international training bodies:

#### 1. At national level

In 1991 CACTUS staff participated in 250 continuing vocational training courses organized by:

a) **The Chamber of Commerce** which is the legal professional body representing  $\pm 1,300$  commercial and industrial firms in Luxembourg.

For continuing vocational training, the Chamber of Commerce operates with a team of  $\pm 60$  course co-ordinators and 25 part-time consultants. The training programme includes evening classes in book-keeping, correspondence, taxation, economics, etc.; accelerated vocational training for tradespeople, pub owners or carriers and a series of seminars and conferences on different aspects of company management.

The length of the courses varies according to the type of training: relatively long evening

and accelerated vocational training courses are held throughout the year; seminars and conferences from 1 to 5 days depending on the complexity of the topic.

In 1991, 2,600 people attended courses at the Chamber of Commerce, 725 people, principally commercial sector managers, attended conferences and seminars.

Courses organized by the Chamber are financed up to 30% by enrolment fees, up to 30% from the Chamber's own budget and up to 40% by state subsidies.

b) **The Chamber of Private Sector Employees** which is the legal professional body representing all private sector employees and the staff of the National Luxembourg Railways Society.

The Chamber of Private Sector Employees is a public institution, a financially independent legal entity under civil law. In its strategy the Chamber of Private Sector Employees gives priority to the initial and continuing training of its members.

Its initiatives in continuing training have led, since 1971, to courses in information technology, computing, book-keeping and economics. They usually last three years.

Moreover, the computer classes are broken down in the 2nd and 3rd cycles into four specific options, whereas the book-keeping, economics and finance classes are broken down into three options in the 2nd year.

In addition to this long training leading to certificates and diplomas issued by the Ministry of Education, the Chamber of Private Sector Employees also organizes specialized seminars. The aim is to diversify continuing training programmes of the Chamber of Private Sector Employees, to offer a supplement to the holders of a diploma attesting to a full cycle of three-year training, to inform members about labour legislation and tax legislation, and to attract the interest of large groups to economic and social problems.

In 1991/1992, 1,077 people registered for courses and 729 people attended the various seminars.

From the sectoral angle, the number of participants from the retail sector is somewhere between 20 and 30% of those registered.

The Chamber's continuing vocational training department recruits its trainers from the ranks of classical and technical school teachers and from experts from the private sector; especially the Centre for Public Research (CRP).

As regards the costs of training, each participant bears half the actual cost of a course, 17% is covered by subsidies from the Ministries of Education and Labour whilst 33% is contributed by the Chamber of Private Sector Employees from their general budget.

- c) **The Chamber of Trades** is a professional association representing  $\pm 3,800$  Luxembourg craftsmen.

This Chamber offers the following training programmes:

- a) For apprentices, people with CATP, who want to obtain the "brevet de maîtrise" (supervisors certificate) and craftsmen. These courses are principally run by training officers and cover 5 main subjects: general interest, food, fashion and hygiene, mechanics, construction and finishing. In 1991 the Chamber organized 105 programmes amounting to 1,897 training hours. The courses attracted some 2,666 participants.
- b) Mainly for managers. These courses are provided by external training bodies from Luxembourg and neighbouring countries. In 1991 500 people registered.
- d) **The Luxembourg Office for Increased Productivity** (OLAP = Office Luxembourgeois pour l'Acroissement de la Productivité).

The OLAP is an association formed by employer representatives (Chamber of Commerce, Chamber of Trade, Federation of Luxembourg Industries), workers (Chamber of Work, Chamber of Private Sector Employees and Trade Unions) and the Government (Ministry of Economics, Ministry of Finance, Ministry of Small and Medium-sized Enterprises).

They provide four different types of training:

- a) "inter-company" seminars for all Luxembourg companies, dealing with economic topics. The courses last between 1 to 5 days depending on the complexity of the subject. In 1991, 54 seminars were organized; they were attended by 750 participants.
- b) "internal" seminars planned "à la carte" at the request of a particular firm and adapted to the firm's specific needs. In 1991, 13 seminars of this type were run involving 180 people.
- c) "workshops" on information technology lasting 2 to 3 days. In 1991, 58 workshops provided specific training for 454 people.
- d) "evening classes": advanced language courses (French, English) and typing. In 1991, language courses ran for 30 hours and typing courses ran for 3 days a week over 4 months. They were attended by 80 people.

Overall, 132 training activities were organized by OLAP covering 1,505 participants. 80% were sent by their company and 20% enrolled independently. Nearly 40 consultants were responsible for training and a state subsidy covered 40% of training costs.

## 2. At international level

In 1991, 30 CACTUS group employees participated in training activities organized by specialist firms from Germany, Switzerland, Belgium, USA, etc.

These courses were primarily attended by managerial staff. Training lasted between 1 and 8 days and dealt with topics such as management behaviour and techniques.

## 2.3 Impact of new technologies, consumer legislation, etc., on training

Four main factors have affected the training strategy of the CACTUS group:

- a) the commercial expansion of the company coupled with an awareness of the increased need for organization and planning of the company's activities, but also for the motivation and skill development of staff.
- b) the introduction of new technologies in management, sales and service. In addition to the purely technical training provided by suppliers, continuing vocational training has become indispensable.
- c) the change in sales concepts from the first supermarket, based essentially on self-service, to a mixed system of self- and personalized service in the shopping centres. CACTUS employees need to be flexible and able to adapt to both forms of selling. Technical skills have to be complemented by selling skills.
- d) the special geographical location of Luxembourg has led to CACTUS customers being increasingly multi-national. This requires not only linguistic skills but also a knowledge of "international" selling techniques.

## 2.4 Role of the social partners

The level of union membership among CACTUS staff is very low, only 11% belong to a union, 89% of representatives are "independent".

The two main unions representing CACTUS workers are LCGB (Christian Union: 7%) and OGBL (Free Union: 4%).

Since 1986, when the first collective bargaining agreement was signed, there has not been much union activity. The negotiations with the social partners leading to the adoption of this collective

agreement lasted 5 years. They were very important because this agreement was the first collective agreement relating to workers in the retail trade and the regulations concerning wages and working conditions served as a model for other firms in the sector.

The last collective agreement, signed in 1991, provides for (Art. 17.3):

*Training:* "The management grants the workers' representatives training leave which permits them to participate in various training activities without any loss of pay (Law of 18 May 1979, art. 26).

In addition to these provisions, the agreement stipulates:

"In order to improve the quality of employees' work by means of continuing vocational training, the management encourages, as the case may be, the participation of its staff in training organized by professional bodies, by the Luxembourg Office for Increased Productivity and by other public and private institutions which specialize in vocational training."

With the introduction of these provisions, the CACTUS group is the first retail firm to formally provide the opportunity for its *staff* to participate in training activities organized by external training bodies. On an informal basis, management has, been doing this for several years. Nevertheless, it is still the personnel manager who decides whether or not an employee attends an external course and what type of training the employee undertakes.

Generally, the relationship between management and staff is good. There are many opportunities for staff from different warehouses and stores to exchange information about their needs and daily problems with the departmental manager who, as necessary, informs the store manager and the personnel manager. However, due to the hierarchical structure of the group, decisions are sometimes subject to delay.

## 2.5 Description of main programmes

Of the 6 training programmes provided by CACTUS, attention will focus on those courses aimed at cashiers, shop assistants and managers.

- a) The programme for *cashiers* lasts 10 hours, two sessions each of 5 hours.  
Courses are held for groups of 12 or 14 people.  
In 1991 550 cashiers attended this course.  
The main objectives are to familiarize cashiers with the operation of cash registers and customer relations at the check-out point. Great importance is attached to body language.  
Group discussions, case studies and video role-play are the most widely used training methods.

- b) The programme for *shop assistants* lasts 6 hours.

In 1991 800 people attended the course.

The programme mainly covers sales techniques and customer relations. After a short introductory talk about CACTUS training activities, the trainer concentrates on the buying motivation factors of CACTUS customers.

During training participants have an opportunity to assess their own sales performance and to learn methods which assist them in improving their skills.

- c) The programme for managers is spread over sessions lasting either 1 or 2 days.  
In 1991 100 managers, from different levels, attended this management course.

The programme has two main objectives:

- management skills
- practical skills..

In order to achieve these objectives, the training content is organized around 3 modules which form a unit. Each module concerns special management principles: organization, communication, motivation.

The units are as follows:

- a) Introduction: Definition of "management"
- b) Management cycle: planning, organization, guidance and control
- c) Basic management techniques: performance and evaluation standards, communication (internal information) motivation, decision-making.

## 3. A closer look at a particular store

### 3.1 General information on "YOUPILAND"

The shop we have studied is located in the HOWALD industrial area, to the south of the city of Luxembourg. It is a specialist toy shop with a sales area of approx. 300m<sup>2</sup>, located in the CACTUS Howald shopping centre.

We have chosen this type of shop because it demonstrates the general policy of the group to open "shops in shops" which are essentially non-food shops (flowers, toys, textiles, repair services, photography, etc.) or food shops with a personalized service (as opposed to the self-service departments of the supermarket).

Customers of the shop under study are mainly customers from the shopping centre, a small number of people coming specially for the toy shop. This is mainly due to the fact that, in contrast to cities in other countries, there are virtually no "shopping streets" or "shopping malls" in Luxembourg where people find a large range of specialist shops in one place.

Due to its situation near the frontier to Belgium and France, many customers come from neighbouring countries. During the week a large number of employees from firms based in the industrial area visit the shopping centre and its specialist stores.

YOUPLAND employs 6 staff: 4 women and 2 men.

It has the following staff structure:

- 1 branch manager
- 1 assistant manager
- 1 cashier
- 2 female sales assistants
- 1 male sales assistant

All the employees have permanent contracts, the cashier and the male assistant have been with the firm for over 5 years, the branch manager and his assistant have worked for the CACTUS group for more than 10 years.

The age range of employees in this shop is between 25 and 35.

Apart from the shop assistants, who have a lower level of education, the other employees have a CATP and wide experience in sales and management. They were selected from the supermarket personnel because of their special qualifications but they could be replaced by other employees from the store at any time.

Personnel policy for the specialist shops varies from that of the supermarket on the following points:

- a) The selection criteria for the branch manager of the specialist shop are stricter than those for the selection of a departmental manager in the supermarket. This is basically due to the fact that the branch manager of the shop has more global responsibility for his store: stock, finance and daily personnel management. The departmental manager in the supermarket is mainly responsible for the financial control of his department.

However, given the hierarchical structure of the company and its working structure, the general management of the shop, as part of the shopping centre, is assumed by the store manager, but the suggestions proposed by the branch manager are taken into account.

- b) The training of the shop's branch manager is also more intensive and individual. In addition to internal training courses (primarily the programme for junior managers), the shop's branch manager follows managerial courses organized by external institutions and firms. The other staff members receive internal training in sales and cash register handling.

- c) Concerning contact between the shop's branch manager and the different levels of management, there is a special relationship between the shop's branch manager and the manager of the purchase point in respect of the level of information exchanged about new products, changes in fashion and customer trends. The shop's branch manager can make suggestions but it is up to the store manager to decide on purchase policy in line with the general policy strategy of the group.

Training has played an important part in the selection of the shop's staff. The employees selected performed well during training activities and, therefore, training has permitted management to fill posts from within and thus avoid external recruitment.

## 4. Evaluation

### 4.1 By the company

The company displays an increased awareness of the need and usefulness of training for its employees. In fact, 1987 saw the introduction of a formal structure of internal training based on the regular participation of each employee in training programmes, supplemented by a system of "performance evaluation".

The objectives of the training policy, which are to increase loyalty and motivate employees and thus improve the profitability of the company, have been achieved.

Staff turnover has been reduced from 40% to 25% for the largest categories of employees, the number of skilled workers has increased and the possibility of internal recruitment has led to more stability in the social climate and in personnel policy.

For the future, the company intends to continue its existing training activities and to intensify certain aspects of the sales courses in order to improve the technical and sales skills of the sales assistants.

### 4.2 By the employees and/or their representatives

The way in which training is perceived varies greatly. The German employee generally has high training expectations. He attaches great importance to the right to speak and defend his point of view during the training course; the French employee is more interested in the social and trade union character of training courses whilst the Luxembourg employee has a rather negative attitude and does not really perceive the use of training. Most employees attend training courses because the management has invited them to do so and because they are curious to see what form training will take.

Although there is no direct link between training and promotion, some employees consider training as a means to be selected for jobs as they become vacant and to achieve better performance scores which are directly reflected in the system of "performance evaluation". In this way training contributes indirectly to promotion.

In general, interactive training methods are popular. Moreover, the fact that employees from different stores and services attend special training courses is considered a motivational factor and an opportunity to exchange information and identify with other staff.

#### 4.3 By the author

There is a clear link between training and personnel policy in the company under study. In fact, the company's expansion and increased need for skilled workers can be assured thanks to a personnel policy oriented to formal internal training combined with a motivation system based on "performance evaluation".

The results are obvious, staff turnover has diminished and the qualification level of staff has risen.

External training, to supplement internal training, seems to meet the needs of staff because of the general character of the training provided. At the present time there is no likelihood of extending participation in external courses to all staff. Indeed, company training for shop assistants is too specialized and cannot be covered by general training.

In addition, the company's hierarchical structure is firmly established and sending sales staff or shop assistants on external courses could lead to expectations of greater responsibility arising and subsequent frustration if these are not met.

In the future, the success of training will essentially depend on this last factor, this means that training structures, as well as methods and training programme contents, will need to be adapted to the special needs of the target groups thereby ensuring that the expectations created by training are satisfied.

#### 5. Transferability

The main interest of this case study lies in the *philosophy* the company has developed in the field of continuing vocational training and in the *effects* training may have on the situation of employees in retail sector firms.

In fact, reduction of staff turnover and an increase in qualifications, motivation and performance will lead to better conditions and thus to an improved image of work in the retail sector.

It also shows how training could respond to the labour shortage in retailing by means of internal recruitment.

#### Interviewees

##### CACTUS S.A.

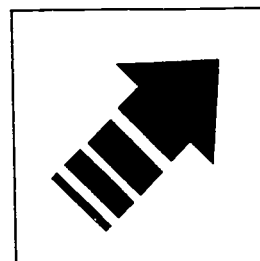
Mr. Steil,  
Personnel manager  
Mr. Weymerskirch,  
Branch manager, Youpiland  
Mr. Jungels,  
Store manager, Howald Shopping Centre  
3 people who have attended different training courses

##### External training bodies

Mr. Glesner,  
Luxembourg Office for Increased Productivity (OLAP)  
Mr. Koedinger  
Mr. Kandel  
Vocational Training Department of the Chamber of Commerce  
Mr. Wiltgen,  
Chamber of Private Sector Employees  
Mrs. Anzia,  
Vocational Training Service of the Chamber of Trades

## **PART 3:**

### **CONCLUSIONS**



- 1. Selection of the case studies**
- 2. Planning and conception of training**
- 3. Type of personnel involved  
in training**
- 4. Contents, methods and organization**
- 5. Costs, financing and evolution**



# 1. THE SELECTION OF THE CASE STUDIES

The two cases studied in the framework of the sector study in the Luxembourg retail trade could be considered as *model cases* bearing in mind that:

- They provide a good illustration of the specific situation and the problems of the Luxembourg retail trade, characterized by a labour force highly dependent on foreign and cross-frontier workers and neighbouring customer markets respectively.
- Both companies offer permanent continuing vocation training to all groups of employees.

Nevertheless, the stores studied cannot be regarded as representative of the whole of the Luxembourg retail trade. On the one hand

CACTUS is the largest company in the food retail sector. Along with a few similar large firms, trade in the food sector is conducted by a series of specialist shops, mini-markets and medium-size supermarkets with a structure different to that of CACTUS. On the other hand, ADLER benefits from a particular form of internal training due primarily to the relationship with its parent company in Germany.

The transferability of the experience of the companies under study lies, above all, in the methods they have developed in order to respond to the specific problems related to continuing vocational training and to the impact training may have on the situation of personnel in retailing.

3.

## 2. PLANNING AND DEVELOPMENT OF TRAINING

3.

In both cases, there is a systematic approach to training activities.

Training plans are drawn annually for internal training programmes and, to a certain extent, for external training activities. This work is undertaken by the company's management who take into account suggestions made by staff during the different staff meetings, the advice given by outside specialists and, finally, the cost of the envisaged activities.

Although there is general agreement in both companies between management and unions concerning training policy, the social partners are neither involved in the definition of the company's training objectives nor do they participate in the development of the firm's training programmes.

So far, requirements have focused on improving staff working conditions. In addition, there is no collective agreement in the sector formally laying down the right of *all* employees to participate in continuing vocational training activities (except training leave for staff representatives).

Although CACTUS has introduced, in its latest agreement, the possibility for its staff to attend training activities organized by external training bodies, it is still the personnel manager who decides whether or not an employee may attend

an external course and in which training activity the employee may participate.

This situation illustrates the weakness of the staff representation in the retail sector where the level of union membership is very low (3-4%) essentially because of the high turnover of representatives and their lack of qualifications at vocational training level.

The companies' objectives for training are both to increase the loyalty and the motivation of staff and to improve the profitability of the firm, this is determined to a large degree by the level of skills and behaviour of the personnel.

In this respect, training policy or the management of human resources becomes an increasingly important element in a company's global strategy. In order to withstand increased competition from firms in neighbouring countries and the lack of national skilled workers, Luxembourg retail firms are obliged to set themselves apart by developing the skills of their staff. These are not just technical skills but also psychological skills such as mobility, self-confidence, ability to organize, to manage and to assume responsibility.

Individual needs and wishes of staff are taken into account in so far as they are in line with company training objectives.

### 3. TYPE OF PERSONNEL INVOLVED IN TRAINING

New recruits have to be integrated into the company's organization and strategy.

They are normally trained on-the-job by competent supervisors before attending special internal or external training courses.

Apprentices, although very rare in the retail trade, are trained on an "alternance" basis between school and the company. This means that whilst working in the company with whom they have an apprenticeship contract, they attend complementary training at school one day a week. This form of initial training leads to the CATP (Certificat d'aptitude technique et professionnelle [certificate of vocational and technical aptitude]) (EC level 2). The main occupations chosen by apprentices in the retail trade are "sales assistant" and "office clerk".

Amongst other staff internal training is primarily provided for low skilled workers who have no CATP. They constitute the majority of sales and service staff. The training courses they attend aim mainly to enhance their technical skills and to develop their techniques (customer-oriented service, creativity, etc.).

Middle and senior management staff attend external training courses in addition to internal programmes. Unlike specific training for sales and service staff, training for managers covers a broad range of topics related to general management (sales organization, personnel policy, etc.).

Although management training only concerns a limited number of staff, its budget is relatively

large compared to that for sales and service staff training activities. The main objectives of management training are to create a stock of managerial staff who can be recruited from within when a vacancy occurs.

Moreover, it facilitates the training of trainers for its own staff. In this way the company becomes less dependent on outside consultants. In addition, internal trainers have the advantage of a superior knowledge of the company's organizational structure and policy and better contacts with staff members.

Specific problems relating to training for female, foreign and cross-frontier workers, who constitute the majority of low and medium-skilled staff, are solved by repeating training sessions at different working times and by providing special language courses.

Part-time and seasonal work is less developed in Luxembourg retailing than in other EC countries. Thus it does not raise specific problems for the training organization.

In both cases studied there is a clear desire to provide training for all staff. Attendance is not obligatory although the personnel manager selects employees for participation in training activities.

There is no direct link between participation in training and status within the company. Indirectly training contributes to internal promotion because vacant posts are allocated internally to staff members who have excelled in training.

3.

## 4. CONTENTS, METHODS AND ORGANIZATION

3.

The case studies demonstrate the specific problems raised by the dependence of Luxembourg retail firms on the neighbouring labour and customer markets. Training contents, therefore, have to be international in character. In this way, training programmes and methods must cater for the specificities of the French, Belgian and German cultures and economies.

Therefore, most firms bring in outside specialists from the neighbouring regions before finalizing their training programmes. The firms under study attach special importance to exchange visits with neighbouring retail firms.

Additionally, there is growing awareness of the need for general training to supplement specific skill training for all categories of staff. This new trend stems essentially from the fact that the sales concept in retailing has profoundly changed from pure self-service in the first supermarkets to a mixed system of self-service and personalized service in the shopping centres.

The cases also demonstrate that the best way to teach these general sales skills is to start from the practical experiences of staff in real work situations and to move beyond this towards more general considerations on sales attitudes.

Thus, the use of methods such as training modules, role-playing and case studies, appear to be very suitable by integrating the participants actively into the learning process and helping them to apply the training contents in practice.

The case studies show that the length of training sessions must be adapted to the specific working hours of the staff. In this way, management training is generally spread over several days, while training for cashiers and sales assistants is provided in the form of modules lasting 2 or 4 hours per day respectively.

## 5. COST, FINANCING AND EVOLUTION

In both cases it was very difficult to obtain figures, or at least indications, about the assessment of training costs and benefits. Generally there is no link between expenditure on training and staff remuneration. Training budgets are drawn up by the personnel manager in line with the directives of general management policy.

In general, it could be said that the amounts allocated to the companies under study to training activities have increased during recent years, especially for internal training.

However, this situation is not representative of the retail trade as a whole. The majority of small firms do not have the necessary internal structure as they lack the supervisors who could serve as internal trainers and, more importantly, the necessary funds. In fact, up to now, internal training has to be financed entirely by the firm itself. The state makes no contributions to training costs and EC subsidies for training in retailing are by no means fully exploited.

As a result, the training that small firms provide for their staff is generally limited to a few external courses run by the professional bodies or the Luxembourg Office for Increased Productivity. However, the results are often unsatisfactory due to the fact that these activities provide general training and are not sufficiently related to the specific situation within an individual retail firm.

As a response to the present situation in continuing vocational training in Luxembourg, the Government has called on the Economic & Social Committee to put forward proposals for a legal framework regulating, amongst others, state subsidizing of training costs.

Through this initiative, the Government has opened the debate on continuing vocational training, bringing in both the state and the social partners.

3.

# SUMMARY

3.

The case studies show the increased awareness in some retail firms of the usefulness of continuing vocational training as a strategic element of their general management policy. Indeed, given the special economic situation of Luxembourg retailing and its major dependence on the neighbouring labour and customer markets, continuing vocational training becomes increasingly indispensable for firms in the sector who want to continue to compete on an international level.

At the present time, there is no permanent, organized structure for continuing vocational training within the majority of retail firms: firms are not legally obliged to train their staff, the social partners are not involved in planning and elaboration of training content, nor does the state contribute to financing training costs.

In order to change this situation and to bring it into line with the new economic and social climate, discussions have begun between the social partners and Government in order to solve the key problems relating to continuing vocational training, more specifically:

- the right of all employees to undergo training activities; this means defining the principle of training leave, its duration and impact;
- the method of financing continuing vocational training schemes (participation of firms, the state and the trainees);
- the means of protecting training investments for both the firm and the trainees which will directly affect the conditions of employment contracts;
- the certification and exploitation of training programmes. On this level it is very important to guarantee the transparency of the different types of certificates for the firms.

In this connection, talks are currently being held between the social partners, firms and training institutes in Luxembourg, France, Belgium and Germany. The objective is to elaborate the converging training programmes which would facilitate synergies between firms and increase staff mobility within the region.

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Nadine Spoden

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