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“How Flexicurity could be used for restructuring against the backdrop of development”

An overview of approaches to Flexicurity in different Member States

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Implementing Flexicurity policies is demanding as it has to bring together all the stakeholders' views and combined different policy's fields and levels. Flexicurity policies were not so developed as such before the booming of the crisis. Current needs for immediate answers and short term response in view to address the crisis do not make it easier to develop real combined, negotiated and balanced policies linking flexibility and security on the labour market.

➤ Achieving Flexicurity: a European ambitious goal

Since its inception, Flexicurity has been a very ambitious goal. The European level being at one point the initiator of this policy, Flexicurity appeared for a while as “the” useful and efficient answer to the needs of both managers (flexibility required by businesses) and workers (security in employment and income). Since then, it has been made clear that there is no one-size-fits-all way to go.

Flexicurity policies could be defined through the four main basic components as listed by the 2007 European Commission's definition¹:

- Flexible and reliable contractual arrangements
- Comprehensive Life Long Learning strategies
- Effective Active Labour Market Policies
- Modern Social Security Systems

¹ European Commission, [Towards Common Principles of Flexicurity: More and better jobs through flexibility and security \(83.9Kb PDF\)](#), COM(2007) 359 final, Brussels, June 2007.

Implementing Flexicurity policies supposes first of all, to devise the right combination between these four elements; the combination that suits each national context. Furthermore, achieving the right combination should be done through Social Partners' agreement. A flexicurity policy is not only supposed to address simultaneously flexibility and security issues, but to be balanced and negotiated.

➤No real room yet for Flexicurity policies at national level

The implementation of flexicurity policies at national level is far of being obvious. An overview of national policies in 2007 and 2008², definitively shows an absence of clear polarisation, each country following its own pathway. Neither European harmonisation nor unique model implementation could be seen. Flexicurity policies were difficult to identify as such.

Some trends are present across the member states, such as leading policies towards more secure atypical contractual arrangements or emphasising Life Long Learning policies. Still, the EU member states' situations are incredibly varied in each of the four dimensions as examples from some member states show.

- *Contractual Arrangements*

In this field two polarised situations can be identified. On the one hand, there are countries where policies are already quite flexible, as in CY, DK, UK; on the other hand, countries where policies aim at enhancing protection for the 'most vulnerable'. Considering the latter, protection of the most vulnerable amongst the workers is sought either through reduction of successive fixed term contracts as in BE, EL, FI, NL, or on a broader scale as in Spain, where the motto has been reducing temporary employment while increasing permanent jobs.

In between, there is still room for policies aiming at enhancing flexibility.

Enhancing Flexibility is either a declared global objective (FR, BG, RO) or pursued through increasing working time flexibility (AT, BE) and decreasing restriction on the use of Temporary Agency Workers (DE).

- *Life Long Learning*

Again the EU member States' situations are polarised. In countries as NL, DK and BE, Life Long Learning policies (LLL) are already developed; on the other hand, especially in the MS joining since 2004, LLL is not yet a priority except perhaps in Estonia.

In between some interesting specific developments have been devised. In Greece, LLL has been used as a tool boosting mobility of the workers while certification has been developed; the UK conducted significant assessments of workers skills through the Leitch Review of Skills in England (2005); it highlighted the limited diffusion of adult learning and the scarcity of investment in training by employers. The government has been implementing some of the Leitch Review recommendations, strengthening initial, vocational and continuous training and supporting investments by employers in workers' skills. In France, social partners concluded

² 'Flexicurity and Industrial Relations', R. Pedersini, European Foundation for the Improvement of Living and working conditions, 2008 <http://www.eurofound.europa.eu/eiro/studies/tn0803038s/index.htm>

a national intersectoral agreement on “the individual right to Training”; this has still to be fully implemented while vocational guidance is to be further developed.

- *Active Labour Market policy*

Under this field, various paths are followed. Some countries target directly a type of population often broadly defined as “vulnerable” (AT, BE, EE, RO) while others go through companies incentives and obligations. In Greece economic incentives were devised for companies to recruit unemployed. In Spain in view of increasing women’s Labour market participation, companies are obliged to negotiate equality plans and authorised to increase adapted working time schedules. The French ‘occupational transition contract’ offers some incentive to company for hiring workers made redundant.

Beyond targeting specific populations, efficiency has been sought in the implementation of ALMP, both in terms of cost and processes. The whole range of reduced unemployment benefits (DE), increased sanctions (BE) and stricter eligibility criteria (FI) aim at addressing the expenses aspect. Revising Employment services’ role and organisation has been the other path pursued. In general terms, support (BG, UK) and coaching (BE) functions have been developed; individualised responses (CY, EE, FI) and career advices have been increased; furthermore, new employment services have been devised looking at bringing integrated answers and services either to workers (FR) or to both workers and management (FI).

- *Social Security Systems*

Variety amongst member states is obvious in this field too, linked with the original differences in social protection systems.

While some member states (essentially among the EU 15) look for extending social protection coverage, others established more stringent eligibility criteria as in BG, RO and NL. The former category is interested in insuring social protection for specific workers, such as workers in free service contracts (AT), ‘mini jobs’ (DE), atypical work (FI), self employment (ES) and incapacity (UK); more broadly, Estonia relaxed the criteria established in 2006 for the workers to be covered by Social security.

The Polish situation underlines the role of local governments and NGOs to assist in social reintegration of certain groups of people.

What is striking is the variety of situations the EU member states are in. The balance point (le point d’équilibre) has to be calculated depending on the time and on each context. One can certainly agree with the conclusion of the EIRO study on “Flexicurity and Industrial Relations”³. It pointed out that “(t)here is an increased engagement of the political authorities in the field of flexicurity even when the results are limited”. On the other hand, member states have been looking for a balance between flexibility and security mostly successively –after increasing flexibility some security has been sought for or the other way round. Negotiating simultaneously on the two aspects in different areas is still uncommon.

³ See supra note 2

➤ Flexicurity not yet used in times of crisis

Flexicurity is not the common path member states follow while devising some response to the economic crisis. The measures and actions member states adopted since the beginning of 2009, make very few references as such to Flexicurity.

While the crisis goes global, as the number of sectors hit proved, member states react on ad hoc basis. Furthermore, there is still no global approach and response to the Labour market crisis.

- *Addressing Flexicurity directly*

Flexicurity has not been as such at the heart of EU member states reactions to the crisis. During the first half of 2009, Flexicurity has been conveyed to highlight specific actions and policies in very few countries beyond the Netherlands.

In *Bulgaria*, flexicurity has been used as a means to highlight some issues to be addressed. Actually, the initiative came from the Government which organised a national conference to discuss “a better flexicurity approach into national policies”. The principal aim was to bring social partners’ views closer and to research a consensus. Beyond some lip-service that could have been paid to one of the most promoted European policy, this was definitively an opportunity to raise the awareness of the various stakeholders on the specific challenges Bulgaria has to face.

Flexicurity could help addressing significant current challenges as the demographic situation, low productivity, protracted Labour Market transitions, high percentage of people long term unemployed and high share of undeclared work. The objectives advanced fall in the flexicurity framework: reducing skills gaps, activating unemployed people and creating better opportunities for informal workers. The combination of the four main Flexicurity elements would certainly help to achieve these goals.

But Flexicurity implementation still is difficult especially when the social partners’ views remain far apart. While employers organisations welcome increasing flexibility through developing Temporary agency workers and telework use, reducing fixed term contracts limitations and social security contributions, unions are reluctant. Workers organisations are concerned by the risks that increased flexibility put on workers as the low level of social protection in the country. They ask for flexibility to be negotiated by the social partners, while security should be organised and guaranteed through law.

Belgium discussed some measure considered to be “flexicurity measures” through the “temporary unemployment” scheme that had been collectively agreed for blue collars. Instead of layoffs, workers are put on temporary unemployment; on the flexibility aspect, companies modulate their workforce, while on the security side workers get some income through the unemployment benefit system; furthermore they should get back to work as soon as work resume. This measure takes into account both the need to reduce the workforce on the one hand and the necessity to preserve some resources on the other hand. Despite this combination, the social partners failed to reach agreement on a similar measure for white collar workers.

In the first half of 2009, *Estonia* presents the most developed flexicurity approach through measures addressing the impacts of the crisis. Either in a new law to increase employment flexibility or in a tripartite agreement to maintain jobs, a balanced approach has been sought. The law on increasing flexibility aims at developing a more flexible labour market while

increasing social security protection. The tripartite agreement on maintaining jobs is a response to the crisis focusing on training and LLL measures. On the one hand, the objective consists on increasing LLL participation rate especially for unemployed people through training vouchers; on the other hand, the aim is to combine training and flexible employment; This measure mixes immediate guarantee of employment, working part time instead of being made redundant, and a more mid/long term perspective through increasing qualifications and therefore securing future employability. These measures show that short term and immediate answers could be usefully combined with more long term goals. Flexicurity could be pursued and achieved even in times of crisis.

- *The crisis goes global, the answers remain partial*

The crisis spreads through all countries and sectors. Beyond the metal (BE, DE, BG) and motor car industry (BE, CZ Rep, DE) sectors, many others have been heavily hit since the end of 2008: aviation, bank, energy, arms, chemicals, retail, manufacturing....

Two sectoral dimensions have to be particularly kept in mind.

First, the impact of the crisis on the public sector should not be forgotten. The public sector has some very specific characteristics linked with national traditions; nevertheless beyond public industries and companies becoming at various speeds and degrees private, the heart of public sector dealing with public interest, is as well hit by the economic recession. Reduced budgets and expenses already broadly impact public sector and workers, as in Bulgaria, Ireland and Italy. Governments' answers to the crisis not only have to deal with employment in private companies and sector but even in the public sector some measures have to address income guarantees and work protection. The Public sector is not seen as in need of Flexicurity, given the traditional long term employment relationship civil servants used to have; nevertheless, in several countries now the civil service has changed status and the employment relationship is no more characterised by a permanent link.

Implementing flexicurity policies could be even more critical than in the private sector, given the role of the social partners in devising them; role and functions of the social partners in the Public sector around Europe has yet to be modernised.

Secondly, some hope has been put in "green jobs and industry". This "sector"⁴ is expected to help developing employment and stimulating growth, as in BE and NL. For the time being, these are still opportunities to be developed, mainly sustained through government schemes. The interest is more focus on the potential of job creations. Flexicurity aspects have not been thought through; neither specific contractual arrangements nor particular needs for specific qualifications have been devised. It could be an opportunity to develop specific Flexicurity policies around the requests for this "sector".

Because there is need for immediate answers preventing the crisis to hit too heavily, governments take measures aiming at preventing job losses and unemployment rise. Actually, they partly implement some of the three priorities identified in the European Commission June 2009 Communication on "A shared commitment for employment"⁵ maintaining employment, upgrading skills and increasing access to employment.

⁴ The word « sector » is the easiest but does not seem totally appropriate; Among what is call "the green industry and green jobs", there are either job creations aiming at making development sustainable (i.e. solar panels industry) or new ways to proceed in a job improving the environment friendly aspects (new organisation of work for new packaging for example).

⁵ European Commission, A shared commitment for Employment, COM (2009) 257 Final, June 2009.

Nevertheless, most of the measures taken to address the crisis could not per se, be qualified as ‘flexicurity measures’. As immediate answers they mainly aimed at mitigating the impact of recession. Both type of measures, ‘Temporary Unemployment’ (BE, RO, NL and DK) and ‘Short time work’ (AT, DE, NL) have the same short term objective: not dismissing workers, not allowing workers to fall in unemployment; both type of measures reduce the workforce, adapting to markets restrictions while preserving some (even if reduced) income (from part time occupation or unemployment benefit system) and some hope to resume full work as soon as the economy starts again.

But, following the European Commission’s recommendation, to go “beyond the crisis”⁶ governments and companies have to consider how to maintain workers skills and to develop their employability. A combination of LLL policies with reduced Working time schemes should be systematically sought for to address simultaneously the short term need of quantitative flexibility (reduction of the workforce through short time or part time unemployment measures) and the longer term necessity to maintain workers skills and improve their employability (through LLL policies).

➤Flexicurity: Challenges and opportunities

Therefore the question of pertinence of flexicurity policies in times of crisis is relevant.

Two major challenges are at stakes in Flexicurity policies: combining different policy fields and developing social partnerships. These challenges are even more complex in times of crisis.

Social partnership is critical. Even before the crisis, trends were very worrying for trade unions’ membership all across Europe and in consequence for their representativeness. The crisis has a direct impact on social partners’ strength. Not least, for example, the mere mechanical effect of increased unemployment figures on trade unions’ membership; this trend questions unions’ capacity and legitimacy to negotiate. Unions’ capacity to act as real counterpart in collective bargaining is at stakes; even in countries like Denmark considered the heart of Flexicurity policies, unions’ capacity to devise flexicurity policies has already been questioned. Similarly, the crisis has already impacted on companies’ adhesion to Employers’ organisations (some feel they have room and it will be easier to deal individually) (IE) and could broadly impact the whole reforming of the Collective bargaining system (IT).

Finally, the concept of ‘balanced agreement’ should be under scrutiny. What are the current elements of choice? What will be a balanced negotiation in these circumstances: Short time work vs. unemployment? Reduced salary vs. unemployment? Have the social partners’ a real room of manoeuvre?

Nevertheless, what does Flexicurity tell us?

⁶ Id.

First of all, the Flexicurity approach tells that to balance flexibility and security it takes more than one policy. Secondly, it takes at least ‘three to tango’⁷, as to achieve a negotiated policy, partnership is needed. But there is still room for negotiation in various fields simultaneously; and definitively there are needs for addressing contractual employment arrangements, labour market policies, training and social security all in one.

Again, from the Flexicurity exercise and previous crisis assessments, to build chances of going through the crisis for companies and workers, all these aspects have to be simultaneously addressed through social partners’ involvement.

Flexicurity is a long way to go; through the turmoil of the crisis, it could be the only way to go.

⁷ Resource pack: Flexicurity - It takes three to tango
<http://www.eurofound.europa.eu/resourcepacks/flexicurity.htm>